



20

ANNUAL REPORT



10

THE MINERAL DRILLING
° INDUSTRY INNOVATORS

UNDERGROUND DIAMOND

SURFACE DIAMOND

SURFACE RC

UNDERGROUND PRODUCTION





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CORPORATE DIRECTORY

Directors

Andrew Simpson - Non-Executive Chairman
 Kent Swick - Managing Director
 David Nixon - Non-Executive Director
 Joe Ariti - Non-Executive Director
 Phillip Lockyer - Non-Executive Director
 Ian McCubbing - Non-Executive Director

Company Secretary

Ian Hobson

Registered and Operations Office

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 South Guildford, Western Australia

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Postal Address

PO Box 74
 Guildford, Western Australia, 6935

ASX Code

SWK (fully paid ordinary shares)
 Listed on the Australian Securities Exchange

Auditor

Deloitte Touche Tohmatsu

Woodside Plaza Level 14
 240 St Georges Terrace
 Perth, Western Australia

Solicitors

**Steinepreis Paganin
 Lawyers and Consultants**

Level 4, Next Building
 16 Milligan Street
 Perth, Western Australia

Share Registry

Security Transfer Registrars Pty Ltd

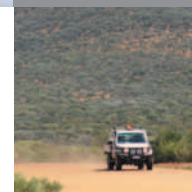
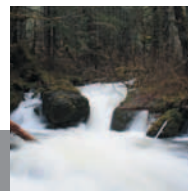
770 Canning Highway
 Applecross, Western Australia

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Bankers

National Australia Bank Ltd

CHAIRMAN'S LETTER



Dear Shareholder,

On behalf of the Board of Directors of Swick Mining Services Ltd, I present to you our 2010 Annual Report.

The 2010 financial year has been a challenging year for the Company from the perspective that the Company has had to compete in a market still experiencing the lingering effects of the global financial crisis where demand, whilst improved, remained soft for the most part, competition for work was high and where wage costs were under upward pressure due to a lack of skilled labour.

However on a positive note, having worked through this period, the Company now finds itself in the position at the date of this report of having rig utilisation in excess of 85% and a record number of rigs in work. Further, recent stability in financial and commodity markets and the partial resolution of the mining tax issue has paved the way for the Company to recently achieve positive rate adjustments with respect to a number of underperforming jobs. Consequently, the Company looks forward to 2011 with an optimistic view.

Demand for mineral drilling services improved over the course of the 2010 financial year (particularly of late) buoyed by a continuing strong gold price and improvements in base metal prices, together with growing (albeit cautious) optimism with respect to financial markets. This together with the strong support of the Company's client base, has facilitated a significant increase in the number of rigs in work in recent months as market conditions and sentiment have improved.

Recently, the Company's Board of Directors and Management took the strategic decisions to put on hold the Company's water hammer research and development project and to seek to dispose of idle or under-utilised assets. Whilst the sale of un-utilised or under-utilised assets has not yet completed, the Company is well down the track of achieving this objective. When (and if) completed, the sales proceeds will facilitate a significant reduction in debt and boost cash reserves. The decision did however lead to the necessity of booking a significant impairment loss in the year ended 30 June 2010 thereby significantly impacting the Company's full year result. These decisions were not taken lightly. On an overall basis, the view of the Company's Board of Directors and Management is that these decisions will allow the team to focus their energies and resources, to a greater extent, on the core operating divisions and ultimately lead to improved performance.

The Company delivered revenue of \$99.5 million in FY10, up 17% from FY09 reflecting the improved number of rigs in work. Profitability for FY10 was significantly impacted by the impairment losses booked, resulting in a net loss after tax of \$10.1 million versus a profit of \$2.1 million in FY09. The Company's EBITDA margin, after adjusting for the effect of the impairment losses, was in line with FY09 demonstrating that the underlying business in 2010 performed similar to that of 2009.

The Company enters the 2011 financial year with increasing optimism after successfully weathering the effects of the global financial crisis over the past eighteen months and having rebuilt a strong operational foundation in Australia with plus 60 rigs in work across a variety of clients, commodities and locations.

The Company has also laid a foundation in North America securing work and trials with major mining houses providing the future potential for a significant increase in the number of rigs in work in that region.

In addition, having invested heavily in its fleet during the 2008 and 2009 financial years, the Company is well placed with a fleet which is technologically advanced and young. The Company does not foresee any significant requirement for new rig capital expenditure during financial year 2011, unless client demand should necessitate it and provided that the engagements provide work for the medium term.

On behalf of the Board, I would like to thank Management and all Swick staff for their commitment and effort, and the way in which they have continued to achieve excellence in service provision despite the challenges encountered over the course of the last financial year.

I would also like to thank the clients of Swick who have continued to provide strong support and demand.

We look forward to an improved year ahead after the challenges of FY09 and FY10 and believe the Company is ideally positioned to capture any further resurgence in activity in the mineral drilling industry.

Yours faithfully

Andrew Simpson
Chairman



Swick's competitive philosophy...

...focused on delivering superior value to its clients through the development of innovative rig designs and continuous improvement in drilling practices that deliver high levels of productivity, safety and versatility.



MANAGING DIRECTOR'S REPORT ON OPERATIONS



FY10 Overview

The 2010 financial year was a period of ongoing challenge for Swick Mining Services. After a period of sustained revenue and profitability growth over a number of years up to the end of FY08, the financial and operating performance has, over the past two financial years, been significantly impacted by the global financial crisis and its lingering effects on commodity prices and confidence.

The Company responded quickly and proactively when the global financial crisis first hit in October 2008 by reducing staffing levels and winding back its rig build plans; however the significant drop in client demand for rigs that immediately followed has taken time to recover from; and has led to greater competition for work and consequently significant price competition. In effect, the Company has worked harder and longer but with less reward over the past two years.

Following the immediate impact of the global financial crisis, the Company elected to focus its resources and energies into supporting its clients to an even greater extent than it had previously, confident that when the inevitable turnaround in activity levels occurred that it would benefit from being recognised by its clients as providing a high quality and cost effective service. The success of this focus and the strength of these client relationships is demonstrated by the significant increase in demand from the existing client base which was the predominant underlying factor in an increase in rigs in work from 44 (at the beginning of FY10) to the current position of 63 rigs in work.

The strength of the Company's relationships with its clients was a major factor in the Company being awarded a number of contract extensions during FY10. These valued clients included Newmont, BHPB, Rio Tinto, Newgold, Xstrata, St Barbara and Focus Minerals. These contract extensions provide confidence and security for the future.

During the course of the financial year, the Company also committed significant energy and focus to attracting new clients and this resulted in the Company commencing work with a number of new clients including Bendigo Mining, Cape Lambert Lady Annie Exploration, MMG, Perilya in the Asia Pacific region and Niblack Joint Venture, and Vale Inco – Ontario Operations in the North American region.

The end result is that the Company has progressed significantly over the course of FY10 and now finds itself in a sound position as it looks forward to FY11; with its future revenue underpinned by a strong order book in Australia, a growing presence in North America, and a fleet that is innovative and best in practice.

Having achieved this initial goal of improved utilisation and a level of sustainable revenue generation; a significantly greater focus will be extended to improvement of underlying profitability during FY11. In material respects, the Company has taken the initial steps in this regard in the latter part of FY10 by negotiating with a number of clients for improved pricing on what have been underperforming jobs. This focus is not limited to rate adjustments, with the Company focussed on rationalising its cost structure and driving benefits through economies of scale. In addition, the Company's research and development and operations teams continue to advance projects to improve the efficiency of our operations.

The Company's Board and Management are confident that the Company can build on the positives achieved in FY10 and deliver improved operational and financial performance in FY11.

FY10 Financial Performance

Swick delivered a net loss after tax of \$10.1 million for FY10 from revenue of \$99.5 million, as compared with a net profit after tax of \$2.1 million for FY09 from revenue of \$84.9 million.

The major item impacting the FY10 profit performance was the booking of impairment losses of \$13.6 million relating to previously capitalised costs of research and development, disposal of assets held for resale and obsolescence of inventory.

The impairment losses predominantly relate to investments made prior to the global financial crisis when activity levels were at record highs and the outlook was extremely positive. Such decisions at that time to grow the fleet in order to increase the service offering to clients and to continue down the path of major innovation in the drilling industry were sound. In hindsight the Company would have benefited from maintaining its focus on its core strengths. By making the strategic decision to re-focus resources into core areas of strength, the Company anticipates that this will lead to improved performance in the future.

Excluding the impairment losses, net profit after tax was \$3.6 million which was lower than initially expected and reflected the impact of the considerable amount of working capital expense (recruitment, training, mobilisation, etc) incurred in relation to the roll-out of rigs into work during FY10. Furthermore, the lag between increased costs and the ability to recover these through rate adjustments, and a decline in revenue owing to impacts of weather, changes in client programs and increased difficulty of drilling conditions in some instances, also impacted on net profit.

The Company is confident that it can turn around the factors that negatively impacted the financial performance during FY10 and generate an improved financial performance in FY11.

FY10 revenues were significantly improved in comparison to FY09 reflecting an underlying improvement in demand for the Company's services. This increase in underlying demand was partly as a result of improvement in activity levels in the mining industry but also partly due to the strong efforts of the Company's business development personnel and in our view the underlying competitive advantage offered by our innovative fleet, particularly in the area of underground diamond drilling.

Notwithstanding the improved revenues in comparison to FY09, the turnaround in market activity was gradual and this fact together with significant price competition prevented the Company from achieving stronger revenue growth than what was achieved.

The underground diamond division maintained its strong performance and position as the Company's cornerstone drilling division, contributing 73% of drilling services revenue (FY09: 70%). Revenue from the surface drilling divisions whilst increased in value was below expectation due to weather and persistent operational issues. The Company has a strong order book moving into FY11 and having resolved the majority of the operational issues, is confident of improved performance in FY11.



The following table summarises the FY10 result versus the FY09 result:

Financial Measure	FY10	FY09
Revenue from Continuing operations	\$ 85.9m	\$ 70.9m
Revenue from discontinued operations	\$ 13.5m	\$13.0m
Total Revenue	\$99.5m	\$84.9m
Impairment Losses	\$13.6m	-
EBT	\$84.9m	\$2.6m
Income Tax	(\$3.4m)	\$0.5m
NPAT	(\$10.1m)	\$2.1m
EBITDA*	\$22.6m	\$20.1m
EBITDA Margin*	22.7%	23.8%
EBIT*	\$4.1m	\$6.6m
EBT*	\$0.2m	\$2.6m
NPAT*	\$3.6m	\$2.1m
NPAT* Margin	3.6%	2.5%
Earnings Per Share*	1.76 cents	1.38 cents

* excluding the impairment losses

Personnel & Safety

Swick Mining Services currently employs approximately 600 personnel in both Australia and North America across its drilling operations, engineering, administration and corporate departments. The Company is focused on matching best practice rigs with high quality personnel to provide a productive drilling service that does not compromise on safety.

With the recent increased activity in the mining industry, labour market pressure on wages and the ability to recruit adequate numbers of skilled personnel have increased. The Company is however well placed to attract competent and skilled staff, based on its rigorous recruiting and selection programs, its comprehensive training systems and the quality of its fleet and service offering.

Swick prides itself on being an industry leader in striving to achieve injury free work sites. The Company has a professional and well resourced occupational health and safety department to devise and implement its safety program.

In FY10, Swick improved on its previous strong performance in safety recording only one lost time injury (FY09: 2) and achieving a lost time injury frequency rate of only 0.96 (FY09: 2.19), which is well below the metalliferous industry rate and believed to be at the low end of rates for the mineral drilling industry. This was achieved despite the mobilisation into a number of new jobs and the introduction of a number of staff new to the drilling industry.

Swick continues to be an industry leader in its approach to technical drilling and safety skill development and one of the key achievements during FY10 was the further enhancement of the induction and training program for staff entering the drilling industry, so as to ensure clear understanding and hands on learning. In addition, Swick's safety and training management systems have been further advanced to enable effective management of all hazards; a key focus of clients.

Swick continues to strive for innovation and continuous improvement in all facets of the business. The safety performance in FY10 was extremely good and is indicative of the strong safety culture at all levels of the Company and the continued improvement that the Company has achieved in this area.

The safety performance in FY10 reflects the commitment and dedication demonstrated by our operations teams, supported by the Company's Occupational Health and Safety Department, and is a performance to be proud of.

FY11 Outlook

With an improved number of rigs in work in Australia and a strong foundation in North America, Swick looks forward to financial year 2011 with increasing optimism. The Company has invested heavily in its rig fleet over the 2008 and 2009 financial years, providing an inherent capacity to further grow revenue through improved utilisation of the existing fleet without having to invest significant capital in new equipment.

The Company is anticipating significant revenue growth in FY11 and an EBITDA margin for FY11 which will improve upon that achieved in FY10. The Company is confident in its ability to improve profitability margins moving forward as a result of: a strong operational focus, increased demand for drilling services, the development of economies of scale, and market leading innovation in the core drilling divisions.



Expanding into new territory

...the large size of the North America market
makes it an ideal target for expansion.



Underground Diamond Drilling

Australia

The underground diamond division remained the Company's cornerstone drilling division and dominant revenue generator in FY10, delivering 73% of the year's drilling services revenue (FY09: 70%). The division utilises the award winning Swick Mobile Diamond Drill, an innovative mobile rig designed and built by Swick and first introduced to market in 2004. The ability of this rig to consistently deliver superior productivity, value, safety and versatility has allowed the Company to rapidly become the market leader in underground diamond drilling in Australia.

A number of rig builds were completed during the year, taking the Australian fleet to 45 (from 37 rigs at end of FY09). After suffering a significant fall in utilisation during the latter part of the first half of FY09, as a consequence of the global financial crisis, the division has rebounded strongly over the course of the past eighteen months to move back above 85% in utilisation. The improvement in utilisation is largely due to strong demand from the Company's existing client base in both the gold and base metal sectors.

The Company has developed an impressive client group in underground diamond, including blue chip clients Newmont, Xstrata, St Barbara Mines and Gold Fields, and it is expected that the existing client group will provide increased demand over the course of FY11.

Continued progress was made during the year in establishing operations outside of Western Australia, with this division now having a strong operational base in each of New South Wales, Tasmania and the Northern Territory, and a presence in South Australia.

The underground diamond drilling division will remain the key contributor to revenue in FY11, with a focus on further developing opportunities with the blue chip client list and penetrating markets outside of Western Australia. Despite possessing the market leading rig in the underground diamond sector, the Company continues to develop new technical initiatives to aid productivity and safety so as to further expand the market leading benefits already delivered by the Swick Mobile Diamond Drill.

North America

During the 2009 financial year, the Company targeted a global expansion strategy for the underground diamond drilling division. The first stage of this strategy was entry into the North American markets of Canada and the United States, home to some of the world's leading mining companies. The large size of the North American market, combined with similar service quality expectations as in Australia, make it an ideal first international target for expansion.

In July 2008, the Company appointed Will Gove, a mining industry executive with over 12 years experience in the Canadian mining sector, as General Manager North America to coordinate the Company's expansion strategy. Swick subsequently established an office and workshop facility in the major nickel province of Sudbury in Ontario, Canada and sent across nine underground diamond rigs from Australia to commence work. In addition, a number of Canadian based drillers were recruited and sent to Australia for training and familiarisation with the Swick Mobile Diamond Drill in anticipation of future contract wins in North America.

Initial business development activities were focused on the base metal sector, however, with the onset of the global financial crisis and a severe downturn in base metal mining and exploration activity throughout North America, the Company refocused its efforts towards the buoyant gold sector.

During FY10, and following on from initial success in June 2009 with Canadian based gold major Agnico-Eagle Mines at the LaRonde Gold Mine in Quebec, Canada, the Company's North American subsidiary successfully gained ongoing work with CBR Gold Corp at the Niblack Gold Project in Alaska, and was awarded drilling trials with gold majors Goldcorp at its Musselwhite Gold Mine in Ontario, Canada, and with Vale Inco at its Garson Mine in Ontario, Canada. In addition, the North American subsidiary has recently been awarded a three year contract for Newmont at its Hope Bay project in Nunavut, Canada, and a drilling trial with Newmont in the Carlin trend in Nevada, USA.

With these drilling trials and contract awards, the Company believes it has the momentum to develop a significant footprint in North America. The Company is particularly pleased that it has been able to build on its strong relationship with Newmont in Australia through these recent awards with Newmont in Canada and the USA.

Surface Reverse Circulation Drilling

The surface reverse circulation (RC) division is a core focus for the Company due to its exposure to bulk commodities (i.e. iron ore and manganese) and the fact that RC drilling services are in high demand in Australia. In terms of investment in plant and personnel engaged, the RC division is the second largest division within the Company.

The commissioned RC rig fleet grew from six to seven rigs during the year, reflecting the addition of two new state-of-the-art rigs and the disposal of RC3001; a rig which had been in operation for approximately 30 years, initially within the Swick family business and more recently as part of the Company.

Swick's RC drilling division utilises six Swick designed RC drill rigs and one track mounted drill rig. The Swick RC Drill was introduced to market in 2006 and offers improved safety and productivity owing to its innovative modular design, automated rod handling system and remote controlled air support truck. With further improvements made to the design over the last few years, the Company now boasts what it believes is a best practice surface RC rig. To complement the Swick RC Drill and deliver further productivity improvements, Swick has designed and built one of the most powerful RC air packages in the market, with a silenced compressor package rated at 2,700cfm and coupled to a 1,000psi booster.

The RC division generated income during FY10 of \$9.5 million or 10% of the year's drilling services revenue (as compared with \$10.4 million in FY09 or 13% of the year's drilling services revenue). Activity in the RC division was significantly impacted during the third quarter of FY10 by an extended period of wet weather in the Northern Territory, parts of Queensland, and to a lesser extent the Pilbara region of Western Australia which was a significant factor in the decline in revenue generated in comparison to the previous year.

The Company has a list of high quality clients including BHPB, Rio Tinto, Barrick, Consolidated Minerals and CST Minerals Lady Annie and forecasts stronger utilisation of the RC fleet throughout FY11. Accordingly, the Company anticipates an improved revenue contribution from the division in FY11, in terms of both dollar value and percentage of total drilling revenue, with the Company confident that it can achieve strong profitability as a consequence.

Surface Diamond Division

The Group's Surface Diamond division comprises four KWL1600H multi-purpose drill rigs and five track mounted LF90D diamond coring rigs, following the recent sale of two LF90D rigs. Swick entered the Surface Diamond market to capitalise on demand from clients seeking multi-disciplined drilling contractors so as to leverage off the Company's strong reputation in underground diamond drilling.

Revenue from the surface diamond multi-purpose fleet grew to \$7.9 million in FY10 and contributed 8% of FY10 drilling revenue in comparison to \$4.6 million in FY09 (5% of FY09 drilling revenue). Whilst income generation was improved, utilisation of the fleet was inconsistent with one of the four rigs remaining idle for the entire duration of FY10. Whilst the demand outlook for FY11 is improved, the Company will look to take the opportunity to dispose of multi-purpose rigs where the opportunity exists and where they are un-utilised or under-utilised.

Revenue from the surface diamond LF90D fleet fell to \$3.3 million in FY10 and contributed 3% of FY10 drilling revenue in comparison to \$4.5 million in FY09 (5% of FY09 drilling revenue). Demand for these rigs has been relatively soft over the past two years due to a lack of drilling by junior mining companies, particularly those in base metals, and the competition for available work has been extremely keen. The outlook for FY11 is not showing any improvement at this time and the Company will look to dispose of these LF90D rigs where the opportunity exists and where they are un-utilised or under-utilised.

Underground Production Division

The underground production division delivered 6% of FY10 revenue, consistent with a 6% contribution in FY09. The division consists of four underground long-hole rigs, typically used as top-up service providers under short-term contracts with larger mining clients who operate their own long-hole rigs; plus one long-hole rig with a water hammer drilling system fitted, which is capable of operating as a water hammer rig or as a traditional top head long-hole rig.

As at year end, the Company was unable to demonstrate the ability to generate future cashflows from the water hammer application and pursuant with the requirements of the accounting standards booked a provision for impairment of \$4.7 million.

Notwithstanding this, the Company remains of the view that the water hammer system has commercial application and will continue to market and review opportunities for its operation.

Conclusion

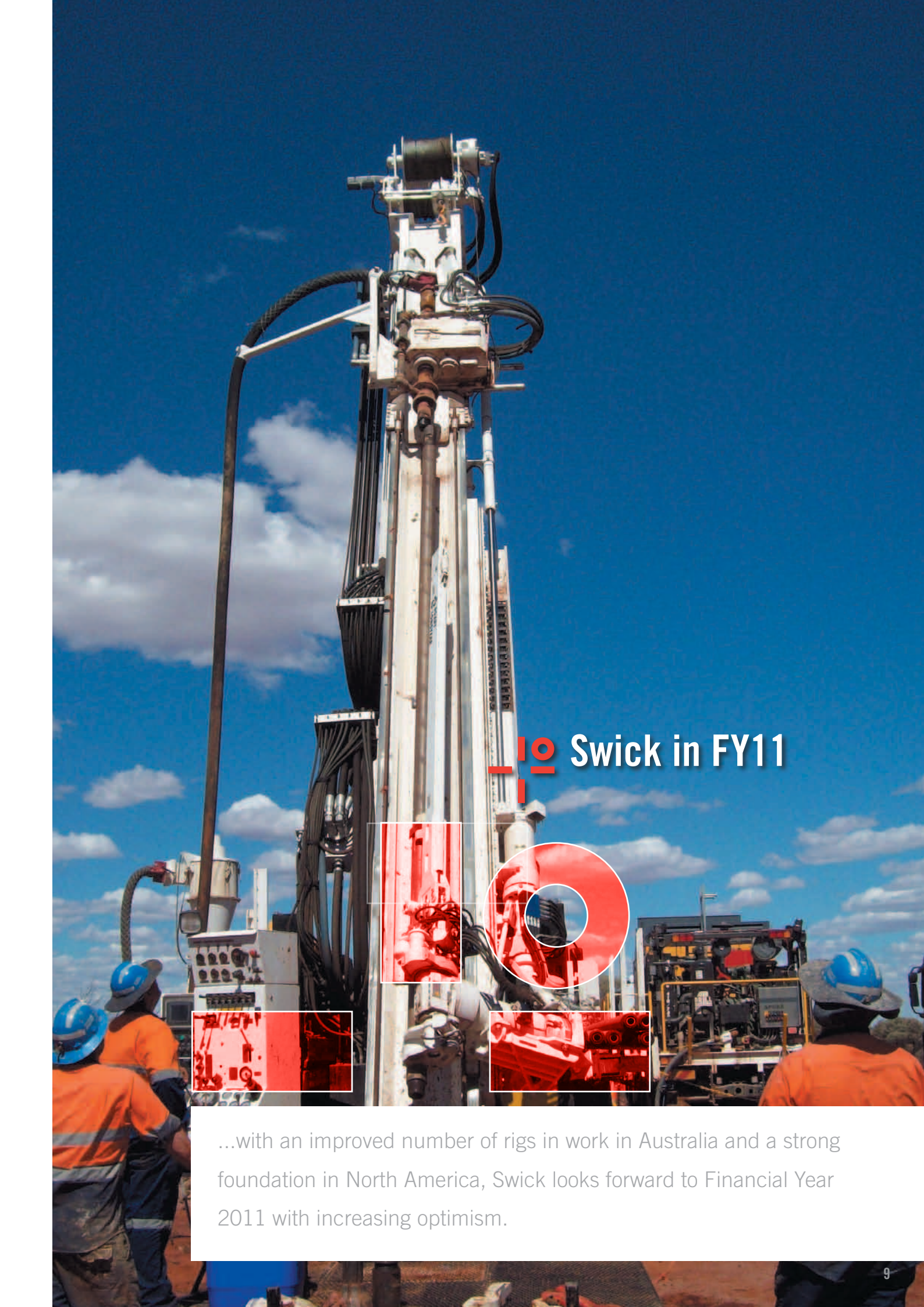
During FY10, the Company was able to achieve much improved rig utilisation and in turn, revenue generation. As a consequence, the Company heads into FY11 in a sound position, optimistic that it can build on its successes of FY10 and deliver improved operational and financial performance.

Yours faithfully



Kent Swick
Managing Director





Swick in FY11

...with an improved number of rigs in work in Australia and a strong foundation in North America, Swick looks forward to Financial Year 2011 with increasing optimism.

A photograph of miners in a tunnel. In the foreground, a miner in a blue helmet and orange high-visibility jacket is looking down at a clipboard. Another miner in a black helmet and orange high-visibility jacket is standing next to him, looking towards the camera. In the background, several other miners in blue helmets and orange high-visibility jackets are visible, working in a dimly lit tunnel with concrete walls and pipes.

 Swick.
Committed
to Safety



The safety performance in FY10 reflects the commitment and dedication demonstrated by our operations teams...it is a performance to be proud of.



DIRECTORS' REPORT



The Board of Directors (**Board**) present their report together with the financial report of Swick Mining Services Ltd (**Swick** or **the Company**) and its controlled entities (collectively referred to hereafter as **the Group**) for the financial year ended 30 June 2010 (**FY10**).

Directors

The following persons were Directors of the Company throughout FY10 and up until the date of this report:

- + Andrew Simpson - Non-Executive Chairman.
- + Kent Swick - Managing Director.
- + Michael Fry - Finance Director (Resigned 2 July 2010).
- + John David Nixon (**David Nixon**) - Non-Executive Director.
- + Giuseppe Ariti (**Joe Ariti**) - Non-Executive Director.
- + Phillip Lockyer - Non-Executive Director.
- + Ian McCubbing - Non-Executive Director (Appointed 1 August 2010).

Board Meetings

The number of Board meetings held during FY10 and the attendance of Directors at each was as follows:

Director	Held	Attend
A Simpson	13	13
K Swick	13	12
M Fry	13	13
D Nixon	13	11
J Ariti	13	12
P Lockyer	13	11
I McCubbing	-	-

Directors' Interests in Securities

The relevant interest of each Director in the Company's share capital at the date of this report is as follows:

Director	FPO Shares
A Simpson	605,000
K Swick	31,901,302
M Fry (Resigned 2 July 2010)	2,128,235
D Nixon	55,000
J Ariti	27,500
P Lockyer	22,000
I McCubbing	-

Director Profile

Andrew Simpson (Non-Executive Chairman)

Qualifications

Grad Dip (Bus), MAICD

Experience

Mr Simpson is a Senior Marketing Executive with extensive global marketing experience in the resource and mining industry, including more than 30 years of international marketing and distribution of minerals and metals. He is currently the Managing Director of Resource & Technology Marketing Services Pty Ltd, a company providing specialist marketing and business assessment advisory services to the mineral resources and technology industries, both in Australia and internationally. Mr Simpson graduated from Curtin University holding a Graduate Diploma in Business and Administration (majoring in Marketing and Finance). He has also completed the Advanced Management Program at the University of Western Australia and is a Member of the Australian Institute of Company Directors. Mr Simpson was appointed as a Director of the Company on 24 October 2006.

Special Responsibilities

Mr Simpson is a member of the Board's Remuneration & Nomination Committee (Committee Chairman) and Audit & Corporate Governance Committee.

Other Directorships During the Last Three Years

Company	Position	Period
Territory Resources Limited	Non-Executive Director [^]	25 September 2007 to present
Matilda Minerals Ltd	Non-Executive Director	25 September 2007 to present
India Resources Ltd	Non-Executive Director [*]	21 August 2006 to present
Vital Metals Ltd	Non-Executive Director	23 February 2005 to present
ABM Resources NL	Non-Executive Director	12 May 2007 to 23 November 2009
Windimurra Vanadium Ltd	Non-Executive Director	20 June 2007 to 29 February 2008
Consolidated Minerals Ltd	Non-Executive Director	16 September 2005 to 30 June 2007

[^] Appointed Non-Executive Chairman on 24 June 2008. ^{*} Appointed Non-Executive Chairman on 11 February 2008.

Director Profile

Kent Swick (Managing Director)

Qualifications

B.Eng (Mech)

Experience

Mr Swick is a Mechanical Engineer with 20 years experience in civil construction, mining maintenance and surface and underground mineral drilling. He was previously employed by Atlas Copco Australia as a Maintenance Engineer managing underground maintenance, where he developed a strong understanding of underground mining methods and equipment. Mr Swick was the driving technical force behind the design of the Company's innovative underground diamond drill rig and award winning surface reverse circulation drill rig. He graduated from the University of Western Australia holding a Bachelor of Engineering (majoring in Mechanical Engineering). Mr Swick was appointed as a Director of the Company on 24 October 2006.

Special Responsibilities

Nil.

Director Profile

David Nixon (Non-Executive Director)

Qualifications

B.Sc. Eng (Mech), MAICD

Experience

Mr Nixon is a Mechanical Engineer with over 40 years experience in the mining and construction industries in Southern Africa, Australia, New Zealand, Canada and Indonesia. He was a founding executive of Signet Engineering in 1990 and a director until its acquisition by Fluor Australia in 1996, following which he was the project director for the Fluor-SKM joint venture at the \$1 billion BHP Billiton Iron Ore Asset Development projects. Mr Nixon graduated from the University of Natal (South Africa) holding a Bachelor of Science (Mechanical Engineering) and is a member of the Australian Institute of Company Directors. Mr Nixon was appointed as a Director of the Company on 1 January 2007.

Special Responsibilities

Mr Nixon is a member of the Board's Audit & Corporate Governance Committee and Remuneration & Nomination Committee.

Other Directorships During the Last Three Years

Company	Position	Period
Brockman Resources Ltd	Non-Executive Director	23 March 2009 to present
Moly Mines Ltd	Non-Executive Director	10 June 2008 to present
Atlas Iron Ltd	Non-Executive Director	30 May 2006 to 21 November 2008

Director Profile

Joe Ariti (Non-Executive Director)

Qualifications

B.Sc, Dip Min. Sci. (Murdoch), MBA (Edinburgh), MAusIMM, MAICD

Experience

Mr Ariti is a Metallurgist with over 25 years experience in technical, management and executive roles in assessing, developing and managing mining projects and companies in Australia and overseas. He has been involved in the development and management of both open cut and underground mining projects in Australia, Africa, Indonesia and Papua New Guinea. Mr Ariti holds a Bachelor of Science and Diploma in Mineral Science from Murdoch University and a Masters Degree in Business Administration from the Edinburgh Business School (UK), and is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Company Directors. Mr Ariti was appointed as a Director of the Company on 11 February 2008.

Special Responsibilities

Mr Ariti is a member of the Board's Remuneration & Nomination Committee and Audit & Corporate Governance Committee (Committee Chairman until 2 August 2010).

Other Directorships During the Last Three Years

Company	Position	Period
DMC Mining Limited	Non-Executive Director	27 August 2009 to present
Territory Resources Limited	Non-Executive Director	13 August 2008 to present
Azumah Resources Limited	Non-Executive Director	13 September 2007 to 20 October 2009
ABM Resources NL	Non-Executive Director	31 July 2008 to 31 December 2008

Director Profile

Phillip Lockyer (Non-Executive Director)

Qualifications

Dip Met, Assoc Min Eng, M.Min Econs

Experience

Mr Lockyer is a Mining Engineer and Metallurgist who has over 40 years experience in the mineral industry, with a focus on gold and nickel in both underground and open pit operations. He was employed by WMC Resources for 20 years and as General Manager for Western Australia was responsible for WMC's nickel division and gold operations. Mr Lockyer also held the position of Director Operations for Dominion Mining Limited and Resolute Limited. He holds a Diploma of Metallurgy from the Ballarat School of Mines, an Associateship of Mining Engineering from the Western Australian School of Mines and a Masters of Minerals Economics from Curtin University. Mr Lockyer was appointed as a Director of the Company on 11 February 2008.

Special Responsibilities

Nil.

Other Directorships During Last Three Years

Company	Position	Period
CGA Mining Limited	Non-Executive Director	9 January 2009 to present
St Barbara Ltd	Non-Executive Director	19 December 2006 to present
Focus Minerals Ltd	Non-Executive Director	7 December 2005 to present
Western Desert Resources Ltd	Non-Executive Director	1 June 2010 to present
Perilya Ltd	Non-Executive Director	19 November 2003 to 9 February 2009
Jubilee Mines Ltd	Non-Executive Director	19 May 2004 to 12 May 2008
AMMTEC Ltd	Non-Executive Chairman	15 February 2005 to 23 October 2007

Director Profile

Ian McCubbing (Non-Executive Director) Appointed 1 August 2010

Qualifications

B.Com, MBA

Experience

Mr McCubbing is an experienced finance professional who has held roles as finance director or chief financial officer with major listed public companies including ASX listed mining companies. Mr McCubbing is well experienced in the mining and mining services industries

Special Responsibilities

Mr McCubbing is a member of the Board's Audit & Corporate Governance Committee (Committee Chairman).

Other Directorships During Last Three Years

Company	Position	Period
Territory Resources Ltd	Non-Executive Director	5 May 2008 to present
Eureka Energy Ltd	Non-Executive Director	5 July 2010 to present
Northern Mining Ltd	Non-Executive Director	18 May 2008 to 12 September 2008

Company Secretary Profile

Jason Giltay

Mr Giltay resigned as company secretary on 19 July 2010.

Company Secretary Profile

Ian Hobson (Appointed 19 July 2010)

Qualifications

B.Bus, FCA, ACIS, MAICD

Experience

Mr Hobson is a sole practitioner chartered accountant who provides company secretarial and accounting services to listed public companies and other organisations. Mr Hobson has had 20 year experience working for international chartered accounting firms before commencing his own practice in 2006. Mr Hobson is an experienced Corporate Advisor who has provided strategic and corporate advice to companies in the mining and mining services industries for many years in Perth, London and Toronto.

Board Committees

The number of committees were rationalised during the year. At the date of this report, the committees and their current membership are as follows:

- + **Audit & Corporate Governance Committee** - Joe Ariti (Non-Executive Director), Ian McCubbing (Non-Executive Director) and David Nixon (Non-Executive Director).
- + **Remuneration & Nomination Committee** - Andrew Simpson (Non-Executive Chairman), Joe Ariti (Non-Executive Director) and David Nixon (Non-Executive Director).

Further details of the scope, responsibilities and membership of these committees are set out in the Corporate Governance Statement.

Board Committee Meetings

The number of Board Committee meetings held during FY10 and the attendance of Directors at each, including Directors who attended as invitees at specific meetings, is as follows:

Director	Audit & CG		Remuneration & Nomination	
	Held	Attended	Held	Attended
A Simpson	2	2	2	2
K Swick	2	2	2	2
M Fry*	2	2	2	2
D Nixon	2	2	2	1
J Ariti	2	2	2	2
P Lockyer	2	1	2	-

* Resigned 2 July 2010

Principal Activity

The principal activity of the Company during FY10 was the provision of mineral drilling services to the Australian mining industry, primarily in the areas of underground diamond drilling, underground production drilling, surface diamond drilling and surface reverse circulation drilling. There were no significant changes in the nature of the principal activity during FY10.

Review of Operations

The Group entered FY10 with the primary focus of improving the utilisation of its rigs and bringing about an improvement in its profitability following the difficulties it experienced during FY09, a year where the Group's operations and financial performance was negatively impacted by the global financial crisis.

They key strategy employed by the Group during FY10 was to focus on its existing clients and to deliver to those clients continued high quality service and support. The success of this focus is reflected in the significant increase in demand from the existing client base which was the underlying factor in an increase in rigs in work from 44 (at the beginning of FY10) to the current position of 63 rigs in work.

The strength of the Group's relationships with its clients was a major factor in the Group being awarded a number of contract extensions beyond FY10. Clients included Newmont Australia, Rio Tinto, Peak Gold Mines, and Focus Minerals.

During the course of the financial year, the Group also committed significant energy and focus to attracting new clients and this resulted in the Group commencing work with a number of new clients including Bendigo Mining Limited, Cape Lambert Lady Annie Exploration Pty Ltd, MMG Golden Grove Pty Ltd, Perilya Limited, NiBlack Joint Venture, and Vale Inco – Ontario Operations.

Notwithstanding the positive improvement in rigs in work, the Group was unable to bring about the positive improvement in profitability that it had desired principally due to a lag between the Group experiencing higher costs and its ability to achieve price adjustments to offset. The Company also experienced a reduction in productivity impacting revenues. Major contributing factors were weather and changes in client programs and difficulty of drilling conditions.

The Group is well placed heading into FY11 having ended FY10 in a strong position with respect to rig utilisation and having achieved rate adjustments at a number of underperforming jobs.

The Group's North American activities have also improved throughout the course of FY10 and the Board is optimistic of strong growth in the short to medium term.

Prior to year end, the Group's board and management made the decision to dispose of under-utilised plant and to focus resources into its key operating divisions of underground diamond drilling, underground production drilling and surface RC drilling. This renewed focus into areas of core strength is expected to improve efficiency and financial performance.

Review of Results

Whilst FY10 was a challenging year, Swick's underlying business remained strong. Drilling services revenue of \$97.8 million was significantly higher than the previous year (FY09: \$84.9 million). The Company's key underground diamond division maintained its performance contributing 69% of drilling services revenue (FY09: 70%). Revenue from the surface drilling divisions was in line with the previous year and was negatively impacted by the extended wet season in northern Australia but has since significantly improved.

Drilling seasonality is expected to occur over the Christmas/New Year period, however the unexpected extended wet season impacted monthly revenues significantly and more substantially during FY10 than prior years. Much of the improvement in revenue is attributable to the increase in the number of rigs in work, with utilisation now at 81% (increasing to 89% over the next month).

Swick's costs in FY10 were higher as a consequence of an increasingly competitive labour market and the working capital (recruitment, training, mobilisation, etc.) involved in putting a significant number of rigs back to work. These costs, together with lower rates on some underperforming jobs, impacted on the FY10 results. However, with higher rig utilisation, expected rate adjustments, continued focus on cost reduction, a greater emphasis on core operating divisions and the majority of rigs locked into contracts for the duration of FY11, the Company is well placed to deliver an improved operating performance in FY11.

As announced on 19 August, the Company's FY10 result included an impairment loss of \$13.6 million. A large proportion of this relates to the decision to rationalise under-utilised assets and to focus resources and effort on the Company's core divisions of underground diamond, underground production, and surface RC. This renewed focus on the areas in which Swick has a competitive advantage is expected to lead to stronger performance moving forward.

Significant Changes in State of Affairs

Significant changes in the state of affairs for the Company and/or Group during FY10 were as follows:

- ✦ In April 2010, the Company completed a placement of 43.75m shares to institutional and sophisticated investors at \$0.36 per share, raising approximately \$17.5m before costs of the offer. The proceeds were used to fund the return to work of a large number of rigs and potential new growth opportunities;
- ✦ In June 2010, the Company resolved to dispose of various un-utilised or under-utilised assets to focus on its core areas of operations; and
- ✦ In June 2010, the Group booked impairment losses of \$13.6m for FY10 comprising:
 - ✦ a provision of \$4.7 million against research and development costs previously capitalised with respect to the water hammer technology.
 - ✦ a provision of \$4.6 million against the carrying value of assets held for resale.
 - ✦ a provision of \$632k against the carrying value of assets for continuing operation.
 - ✦ a provision for obsolescence of \$3.6 million against inventories. There exists a number of inventory items purchased in prior years (pre-downturn) that were at 30 June 2010 considered obsolete (superseded or non-preferred) or will likely remain unused for some time (slow moving). Items not sold as part of the disposal of un-utilised or under-utilised assets will be aggressively managed to maximise utilisation of all available resources.

Significant Events Subsequent to Balance Date

There have been no significant events subsequent to balance date.

Future Developments

With a record number of rigs in work in Australia and North America, and with increasing activity in its key markets, Swick looks forward to financial year 2011 with optimism. The Company has invested heavily in its rig fleet in recent times, representing an inherent capacity to further grow revenue through maintaining and improving upon current high levels of utilisation.

The Group will continue to strive to improve its profitability through strong operational focus, the maximisation of scale benefits, and through continual focus on innovation in its core drilling divisions.

Environmental Regulations

In the course of its drilling activities, the Group is required to adhere to environmental regulations imposed on it by various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. From time to time, compliance with these environmental regulations is audited by client personnel where deemed necessary to do so by the client.

The Group has not received any notification from any regulatory authority or client of any breaches of environmental regulations and to the best of its knowledge has complied with all material environmental requirements up to the date of the this report.

Dividends

No dividends were paid to shareholders during FY10. No dividends were recommended or declared for payment to shareholders, but not paid, during FY10.

Proceedings on Behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervened in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during FY10.

Options & Interests

Options on Issue

As at the date of this report, the following options were on issue:

Issuer	Number	Issue Price	Exercise Price	Vesting Date	Expiry Date	Share Type
Company	75,000	-	\$1.25	30 June 2010	31 December 2010	FPO Shares
Company	200,000	-	\$1.50	31 July 2010	31 July 2011	FPO Shares

The holders of options have no rights to participate in any share issue or interest issue of the Company. No options were exercised during FY10 or subsequent to the end of FY10.

Performance Rights on Issue

As at the date of this report, the Company had no performance rights on issue. No performance rights vested during FY10 or subsequent to the end of FY10.

Non-Audit Services

The Company may decide to engage its auditor, Deloitte Touche Tohmatsu (formerly PKF), on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important. Details of the amount paid or payable to the auditor for the audit and non-audit services provided during the year are set out in note 29 in the Notes to and Forming Part of the Financial Statements.

The Board has considered the position and, in accordance with the advice received from the Audit & Corporate Governance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Board is satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- ✦ All non-audit services have been reviewed by the Audit & Corporate Governance Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- ✦ None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing economic risk and rewards.

Auditor Independence

The Board received the attached *Auditor's Independence Declaration* from the auditor of the Company and its controlled entities which forms part of this report.

Indemnification & Insurance of Officers & Auditors

During FY10, the Group has paid a premium in respect of insuring the Directors and officers of the Group. The terms of the premium paid are commercial in confidence and therefore have not been disclosed.

Remuneration Report

The Remuneration Report details the nature and amount of remuneration for each Director of the Company and each key Manager of the Group with the greatest authority for the strategic direction and management of the Group.

Remuneration Policy

The remuneration policy of the Group is designed to align the interests of Directors and Management with the interests of shareholders and the Company's objectives by providing a fixed remuneration component and, where appropriate, offering specific short-term (cash bonuses) and long-term (equity schemes) incentives linked to performance. The Board believes that the remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced Directors and Management to direct and manage the Group's business and corporate activities, as well as to create goal congruence with the Company's shareholders.

Specifically, the remuneration policy has been put in place with the following aims in mind:

- a) remuneration practices and systems should support the Company's wider objectives and strategies;
- b) remuneration of Directors and Management should be aligned to the long-term interests of shareholders within an appropriate control framework;
- c) remuneration of Directors and Management should reflect their duties and responsibilities;
- d) remuneration of Directors and Management should be comparative and competitive, thereby allowing the Company to attract, retain and motivate suitably qualified and experienced people; and
- e) there should be a clear relationship between performance and remuneration.

Relationship Between Remuneration Policy & Company Performance

During the last two financial years, the Company's revenues and profits were negatively impacted by the global financial crisis and its lingering effects. In this environment, the Group considered it irresponsible and inappropriate to increase remuneration, although in some instances modest increases have been provided to individuals in recognition of their service and ongoing contribution.

More recently as activity has increased in the market, reflected by a number of major drilling contractors reporting improved utilisation of their fleet, it has become necessary to adjust the remuneration of some members of key management to counter an increasingly competitive labour market.

The Company believes its remuneration policy has been effective in attracting and retaining appropriately qualified and experienced Directors and Management to effectively and efficiently manage its operations and capitalise on new opportunities for growth. The Company has in the past utilised a number of performance based remuneration mechanisms to motivate Directors and Management and align their performance with that of the Company, including cash bonuses, performance rights and options. The Company will continue to consider the use of such mechanisms to drive the relationship between performance and remuneration.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the four years to 30 June 2010:

	30 June 2010	30 June 2009	30 June 2008	30 June 2007
Revenue	99,532,797	84,911,405	84,168,916	40,199,796
Net profit/(loss) before tax	(13,421,551)	2,648,555	14,868,895	7,882,618
Net profit/(loss) after tax	(10,059,314)	2,102,449	10,315,230	5,417,869
Share price at start of year	\$0.415	\$1.30	\$1.15	\$0.31
Share price at end of year	\$0.36	\$0.415	\$1.30	\$1.15
Basic earnings/(loss) per share	(4.94)	1.39	7.17	5.48
Diluted earnings/(loss) per share	(4.94)	1.39	7.14	5.48

Remuneration Committee

The Board has established a Remuneration Committee to assist in fulfilling its responsibilities in relation to developing and assessing the Group's remuneration policies to ensure that remuneration is sufficient and reasonable and that its relationship to performance is clear. The primary objectives of the Remuneration Committee are to develop remuneration policies for the Group that are appropriate to the organisation with respect to its size, peers and market conditions, and to recommend remuneration packages and incentive schemes for Directors and Management, and remuneration packages for Non-Executive Directors, that motivate and reward performance, attract and retain quality people, and align interests with those of shareholders.

Remuneration Structure - Non-Executive Directors

Objective

The Board seeks to set remuneration for Non-Executive Directors at a level which provides the Company with the ability to attract and retain suitably qualified and experienced directors, whilst incurring a cost which is acceptable to shareholders. Non-Executive Directors should be adequately remunerated for their time and effort and the risks inherently involved with holding such a position.

Structure

The Company's Constitution and the ASX Listing Rules specify that the remuneration of Non-Executive Directors shall be determined from time to time by shareholders at general meeting. The latest determination was at a general meeting held on 8 June 2007, when shareholders approved to increase the maximum aggregate remuneration that may be paid to the Non-Executive Directors from \$150,000 to \$300,000 per annum.

Specific remuneration levels for Non-Executive Directors are reviewed at least annually by the Remuneration Committee. The Remuneration Committee provides recommendations for the remuneration of Non-Executive Directors, including the Chairman, and the Board is then responsible for ratifying the recommendations, if appropriate. As at the date of this report, remuneration for Non-Executive Directors was set

at \$50,000 per annum plus superannuation, with remuneration for the Non-Executive Chairman set at \$75,000 per annum plus superannuation.

Non-Executive Directors are eligible to participate in the Company's equity based incentive plans, which may include the issue of shares, performance rights and options, subject to any required shareholder approvals. The Company believes that this eligibility for Non-Executive Directors is appropriate in the circumstances, given the competitive market for experienced and qualified Non-Executive Directors, the growing risks associated with public company directorships and the need to align the interests of Non-Executive Directors with shareholders whilst preserving the Company's cash position.

Remuneration Structure - Executive Directors & Management

Objective

The remuneration for Executive Directors and Management is designed to promote superior performance and long-term commitment to the Company. The Board aims to reward Executive Directors and Management with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

The Company's remuneration policy for Executive Directors and Management reflects its commitment to align remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group.

The principles of the policy are:

- 1) to provide rewards that reflect the competitive market in which the Company operates;
- 2) individual reward should be linked to performance criteria; and
- 3) executives should be rewarded for both financial and non-financial performance.

Structure

Remuneration for Executive Directors and Management may comprise fixed and variable remuneration components. Remuneration is reviewed at least annually by the Remuneration Committee. The Remuneration Committee provides recommendations for the remuneration of Executive Directors and Management and the Board is then responsible for ratifying the recommendations, if appropriate. Remuneration packages for Executive Directors and Management currently comprise a base salary and superannuation (fixed components), and may also include cash bonuses and securities (variable, performance based components).

In determining individual remuneration packages, the Remuneration Committee reviews the individual's annual performance review, specific roles and responsibilities, and remuneration relative to their position within the Group and with positions in comparable companies through the use of market data and surveys. Where appropriate, a package may be adjusted to reflect the role, responsibilities and importance of that position and to keep pace with market trends and ensure continued remuneration competitiveness. In conducting a comparative analysis, the Group's expected performance for the year is considered in the context of the Group's capacity to fund remuneration budgets. From time to time, a review of the total remuneration package by an independent remuneration consultant may be undertaken to provide an independent reference point.

Fixed Remuneration

The components of the fixed remuneration of Executive Directors and Management are determined individually and may include:

- a) cash remuneration;
- b) superannuation;
- c) accommodation and travel benefits;
- d) motor vehicle; and
- e) other benefits.

Variable Remuneration

The components of the variable remuneration of Executive Directors and Management are determined individually and may include:

- a) short term incentives - Executive Directors and Management are eligible to participate in a cash bonus if so determined by the Remuneration Committee and the Board; and
- b) long term incentives - Executive Directors and Management are eligible to receive shares, performance rights and options if so determined by the Remuneration Committee and the Board.

During FY10, no variable incentives were paid to Executive Directors or Management.

Director & Senior Management details

The following persons acted as directors of the company during or since the end of the financial year:

- + Andrew Simpson - Non-Executive Chairman.
- + Kent Swick - Managing Director.
- + Michael Fry - Finance Director (resigned as director 2 July 2010).
- + John David Nixon (**David Nixon**) - Non-Executive Director.
- + Giuseppe Ariti (**Joe Ariti**) - Non-Executive Director.
- + Phillip Lockyer - Non-Executive Director.
- + Ian McCubbing - Non-Executive Director (appointed 1 August 2010).

The term "senior management" is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year:

- + Jason Giltay - Company Secretary (resigned 19 July 2010).
- + Will Gove - General Manager - North America.
- + Troy Wilson - General Manager - Asia Pacific (commenced 11 Jan 2010).
- + Nigel Cocliff - General Manager Engineering (commenced 1 July 2009).
- + Bryan Wesley - Chief Financial Officer (commenced 24 May 2010).
- + Geoff Muir - Division Manager Underground Diamond.
- + Ryan O'Sullivan Operations Manager Underground Diamond.
- + Glenn Blackley - Operations Manager Underground Longhole.
- + Leon Naude (resigned 15 July 2009)

Employment Contracts

As at the date of this report, the Group had entered into employment contracts with Executive Directors and Management, summarised as follows:

Kent Swick

- + The service arrangement for commenced on 1 July 2006 and continues until terminated.
- + If the service agreement is terminated without cause by the Company, Mr Swick must be paid one month's remuneration for each full year, or pro rata for each part year, of service to the Group from 1 July 2006.
- + If the service agreement is terminated as a result of a change in control, Mr Swick must be paid twelve months remuneration (provided that any such additional amount shall, at all times, be limited to the maximum extent permitted by the ASX Listing Rules).

Michael Fry

- + The service arrangement commenced 1 July 2006 and continues until terminated.
- + If the service agreement is terminated without cause by the Company, Mr Fry must be paid one month's remuneration for each full year, or pro rata for each part year, of service to the Group from 1 July 2006.
- + If the service agreement is terminated as a result of a change in control, Mr Fry must be paid twelve months remuneration (provided that any such additional amount shall, at all times, be limited to the maximum extent permitted by the ASX Listing Rules).

There are no other contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed in the Directors' Report or the Financial Statements.

Senior Management

Senior Management personnel are employed under employment agreements that continue until terminated. If an employment agreement is terminated without cause by the Company, the agreements provide a minimum of three months remuneration to be paid.

Employee Share Option Plan

The Company has adopted an Employee Share Option Plan (**ESOP**). The objective of the ESOP is to provide the Company with a remuneration mechanism through the issue of options in the capital of the Company to motivate and reward the performance of employees, and to align the performance of employees with that of the Company.

Director Share Incentive Plan

The Company has adopted a Directors' Share Incentive Plan (**DSIP**). The objective of the DSIP is to provide the Company with a remuneration mechanism through the issue of securities in the capital of the Company to motivate and reward the performance of Directors, and to align the performance of the Directors with that of the Company.

DIRECTORS' REPORT

Options Issued to Senior Management

During FY10, the Company did not issue any options to senior management of the Group pursuant to the ESOP.

No options were exercised or lapsed during the year. Options outstanding as at the date of this report are as follows:

Name	Number	Exercise Price	Vesting Date	Expiry Date	Fair Value	Share Type	% of Compensation for year
Will Gove	200,000	\$1.50	31 Jul 2010	31 Jul 2011	0.206	FPO Shares	4%

The holders of the options have no rights to participate in any share issue or interest issue of the Company.

Performance Rights Issued to Directors

During FY10, the Company did not issue any performance rights to directors of the Group pursuant to the ESOP.

Remuneration for FY10

	Short Term Benefits				Post Employment Benefits			Equity Based Payments			Total	Perf Based
	Salary & Fees \$	Bonus \$	Non-Cash \$	Other \$	Super/ Pension \$	Term. Pay. \$	Other \$	Shares \$	Rights/ Options \$	Cash Sett/ Other \$	\$	%
Non-executive directors												
Andrew Simpson	83,077	-	-	-	7,477	-	-	-	-	-	90,554	0%
David Nixon	59,041	-	-	-	-	-	-	-	-	-	59,041	0%
Joe Ariti	55,384	-	-	-	4,984	-	-	-	-	-	60,368	0%
Phillip Locker	55,384	-	-	-	4,984	-	-	-	-	-	60,368	0%
Executive officers												
Kent Swick	387,458	-	-	-	25,000	-	-	-	-	-	412,458	0%
Michael Fry	268,877	-	4,432	-	23,246	-	-	-	-	-	296,555	0%
Will Gove	278,520	-	11,483	-	23,709	-	-	-	13,391	-	327,103	4%
Troy Wilson ³	110,576	-	9,113	-	9,086	-	-	-	-	-	128,775	0%
Nigel Coccliff ²	210,692	-	26,872	-	18,200	-	-	-	-	-	255,764	0%
Bryan Wesley ¹	17,307	-	-	-	1,453	-	-	-	-	-	18,760	0%
Geoff Muir	199,807	-	6,336	-	17,305	-	-	-	-	-	223,448	0%
Ryan O'Sullivan	184,519	-	19,405	-	16,068	-	-	-	-	-	219,992	0%
Glenn Blackley	180,000	-	26,984	-	16,076	-	-	-	-	-	223,060	0%
Jason Giltay ⁴	175,569	-	-	-	15,761	-	-	-	-	-	191,330	0%
Leon Naude ⁵	26,704	-	1,215	-	1,215	-	-	-	-	-	29,134	0%

Notes: 1 - Commenced 24 May 2010 3 - Commenced 11 January 2010 5 - Resigned on 15 July 2009
 2 - Commenced 1 July 2009 4 - Resigned on 19 July 2010



Remuneration for FY09

	Short Term Benefits				Post Employment Benefits			Equity Based Payments			Total	Perf Based
	Salary & Fees \$	Bonus \$	Non-Cash \$	Other \$	Super/ Pension \$	Term. Pay. \$	Other \$	Shares \$	Rights/ Options \$	Cash Sett/ Other \$	\$	%
Non-executive directors												
Andrew Simpson	66,923	-	-	-	6,023	-	-	-	-	-	72,946	0%
David Nixon	49,958	-	-	-	-	-	-	-	-	-	49,958	0%
Joe Ariti	44,615	-	-	-	4,015	-	-	-	11,850	-	60,480	20%
Phillip Locker	62,844	-	-	-	5,660	-	-	-	11,850	-	80,354	15%
Executive officers												
Kent Swick	368,383	-	-	-	33,154	-	-	-	-	-	401,537	0%
Michael Fry	245,588	-	-	-	22,103	-	-	-	-	-	267,691	0%
Jason Giltay	156,308	-	-	-	14,068	-	-	-	-	-	170,376	0%
Will Gove	254,321	-	-	12,097	18,599	-	-	-	13,390	-	298,407	0%
Geoff Muir	184,885	-	-	-	16,640	-	-	-	-	-	201,525	0%
Ryan O'Sullivan	150,000	10,500	-	1,891	13,500	-	-	-	-	-	175,891	6%
Glenn Blackley	177,400	-	-	1,756	16,200	-	-	-	-	-	195,356	0%
Brian Praetz ¹	120,232	-	-	-	20,364	117,500	-	-	10,138	-	268,234	0%
Leon Naude	195,000	-	-	-	17,550	-	-	-	-	-	212,550	0%

Notes: 1 - Ceased employment in November 2008

Sign-off on Directors' Report

The Directors' Report has been made in accordance with a resolution of the Directors.

KENT SWICK
MANAGING DIRECTOR

For and on behalf of the Board of Directors of Swick Mining Services Ltd.
Perth, Western Australia, 28 September 2010



AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Swick Mining Services Limited
64 Great Eastern Highway
South Guildford
WA 6055

Dear Board Members

Swick Mining Services Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Swick Mining Services Limited.

As lead audit partner for the audit of the financial statements of Swick Mining Services Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu



CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Swick Mining Services is committed to delivering the highest possible standards of corporate governance. The Board has adopted a set of corporate governance policies consistent with the second edition of "Corporate Governance Principles and Recommendations" released by the ASX Corporate Governance Council in 2007, to the extent that such recommendations are consistent with the structure and objectives of the Company. A summary of the Company's corporate governance policies is set out below.

Board Charter

The Board is ultimately responsible for the performance of the Company on behalf of its shareholders. The performance of the Company is driven by the strategies developed and implemented by its Management. The Board provides guidance to Management with respect to strategy development and reviews the effectiveness of Management in delivering upon those strategies, as well as the resultant outcomes of those strategies. The Board also ensures that sufficient control and accountability systems are in place to accurately measure and report upon the performance of the Company.

The key responsibilities of the Board include:

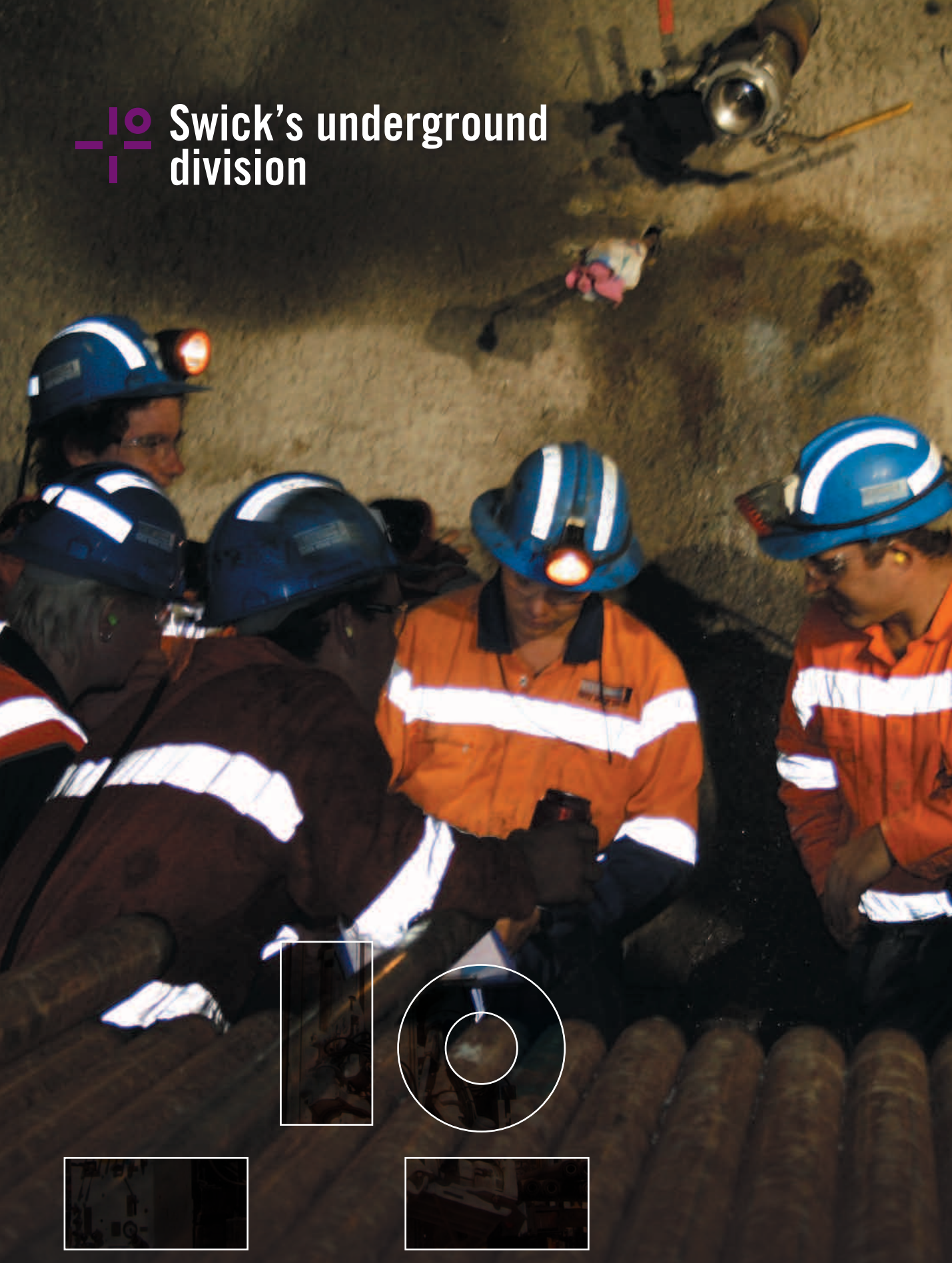
- + appointing (and if necessary removing) the Managing Director, Finance Director and Company Secretary;
- + ratifying the appointment of other senior Management positions;
- + providing input into and final approval of Management's development of objectives and strategies;
- + ensuring appropriate resources are available to Management to implement the strategies;
- + monitoring the performance of Management in implementing strategy against stated objectives;
- + approving budgets at the commencement of each financial year and monitoring the Company's performance against those budgets;
- + approving and monitoring the progress of material investments, capital expenditures, acquisitions, divestments and funding activities;
- + monitoring the risk management and internal control systems and policies put in place and determining their adequacy; and
- + monitoring the integrity of the Company's financial reporting.

Management Charter

Management is responsible for implementing the Company's strategies and managing the operations of the Company on a day-to-day basis. The specific functions of Management include:

- + developing the Company's objectives and strategies for Board approval;
- + developing and coordinating action plans to guide the implementation of the Company's strategies;
- + developing budgets at the commencement of each financial year for approval by the Board;
- + monitoring the performance of the Company against its objectives and taking remedial action as required to rectify any areas of non-performance;
- + developing and implementing risk management and internal control systems and policies; and
- + ensuring the integrity of the Company's financial reporting.

Swick's underground division



...the division utilises the award winning Swick Mobile Diamond Drill, an innovative mobile rig designed and built by Swick and first introduced to market in 2004.

Procedures for Recruitment & Appointment of Directors

The Board shall at all times endeavour to maintain an effective composition, size and commitment to adequately discharge its responsibilities and duties. The Board will endeavour to maintain an appropriate mix of skills and experience relevant to the operations of the Company.

The Board has chosen not to establish a nomination committee for the recruitment and appointment of new Directors. Instead, where the Board believes there is a need to appoint another Director, the full Board will be responsible for the process. The Chairman regularly reviews the composition of the Board to ensure that the Board continues to have the mix of skills and experience appropriate to the Company.

New Board appointments are approved and ratified by the Board and are made pursuant to the rules of the Company's constitution. Newly appointed Directors are required to stand for re-election by shareholders at the next general meeting of the Company. Incumbent Board members are required to stand for re-election as set out in the Company's constitution.

Board Structure

During FY10, the Board comprised of six Directors: two Executive Directors, Kent Swick (Managing Director) and Michael Fry (Finance Director), and four Non-Executive Directors, Andrew Simpson (Chairman), David Nixon, Joe Ariti and Phillip Lockyer. The resignation of Michael Fry and the appointment of Ian McCubbing subsequent to year end changed the ratio to one Executive Director and five Non-Executive Directors. All five Non-Executive Directors are considered to be independent Directors under the guidelines set out in the "Corporate Governance Principles and Recommendations". Details of the qualifications, experience, responsibilities and tenure of the current Directors are set out in the *Directors' Report*.

The Board shall strive at all times to ensure that the majority of its members are independent Directors. The Board shall strive at all times to ensure that the Chairman is an independent Director and that the role of Chairman and Managing Director shall not be exercised by the same individual.

Each Director has the right to seek independent professional advice on matters relating to his position as a Director of the Company at the Company's reasonable expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Evaluation of Board Performance

The performance of the Board as a whole is evaluated through a self-assessment process managed by the Chairman against the responsibilities and specific functions detailed in the Board Charter. In addition, consideration is given to a number of other key factors including specific objectives established for the Board, the quality of information provided to the Board and interaction with management. Performance is measured on at least an annual basis.

Evaluation of Non-Executive Director Performance

The performance of individual Non-Executive Directors is evaluated by the Chairman, measured against the responsibilities and specific functions detailed in the Board Charter. In addition, consideration is given to a number of other key factors including contribution to Board discussion and function, degree of independence, availability for and attendance at Board meetings and other relevant events, contribution to Company strategy, membership of and contribution to any Board committees and suitability to Board structure and composition. The performance of the Non-Executive Chairman is evaluated by two independent Non-Executive Directors, including the Chairman of the Audit & Corporate Governance Committee. Performance is measured on at least an annual basis.

Evaluation of Board Committee Performance

The performance of the Board Committees is evaluated by the Chairman, in conjunction with Board member assessments. Where the Chairman is the Committee Chairman of the Board Committee under review, the review will instead be conducted by a Non-Executive Director. The performance of each Committee is measured against the scope and responsibilities detailed in its Charter. Performance is measured on at least an annual basis.

Evaluation of Performance - Senior Management

The Board, as coordinated by the Chairman, is responsible for the performance appraisal of the Managing Director. The performance appraisals of Senior Management is undertaken by their supervisors and overseen by the Managing Director. The performance of the Managing Director and Senior Management is measured against specific objectives and strategy outcomes determined at the commencement of each financial year as part of the strategic planning process, including Company performance. In addition, performance is measured against the specific responsibilities stated in the Management Charter and against specific requirements set out in the job descriptions for each member of Management. Performance appraisals may include both financial and operational indicators, and both quantitative and qualitative measure. Performance is measured on at least an annual basis.

Formal performance reviews have been undertaken for all Management for FY10 in accordance with the process disclosed in the Company's corporate governance policies.

Code of Conduct

The Company has adopted a Code of Conduct to establish appropriate standards of conduct and behaviour for the Directors, officers, employees and contractors of the Company. The Code of Conduct aims to guide and encourage a culture of professionalism, integrity, honesty, respect and responsibility in all day-to-day activities and dealings with key stakeholders. All Directors, officers, employees and contractors of the Company are encouraged to act in a way that further enhances the Company's reputation in the mining industry and community at large as a respected and desirable employer, high quality mineral drilling service provider and good corporate citizen.

The Company views breaches of the Code of Conduct as serious misconduct. Any person who breaches the principles of the Code of Conduct may be subject to disciplinary action, which in the case of serious breaches may include dismissal.

Securities Trading Policy

The Company's Securities Trading Policy regulates trading in the Company's securities (i.e., both buying and selling) by Directors, officers, employees and contractors of the Company, imposing both general and specific trading restrictions. The aim of the policy is to prevent Directors, officers, employees and contractors of the Company, who are in possession of inside information, engaging in trading in the Company's securities.

Directors, Senior Managers and other specified employees or contractors, collectively referred to as **Restricted Persons**, are prohibited at all times from trading, or giving instructions for trading, in the Company's securities without first seeking a trading clearance from the Company Secretary (or the Managing Director in the absence of the Company Secretary). Receiving a trading clearance does not provide any guarantee that the proposed trade in securities does not constitute insider trading - the onus remains on the Restricted Person to ensure that they do not engage in insider trading.

In addition to the trading restrictions imposed on Restricted Persons, additional restrictions on trading, or giving instructions for trading, in the Company's securities may be applied to all Directors, officers, employees and contractors of the Company for certain periods as determined from time to time by the Company Secretary (or the Managing Director in the absence of the Company Secretary) (**Blackout Periods**). Blackout Periods may include certain periods leading up to, and two days after, the release of the full and half year results, the annual general meeting and the release of price sensitive announcements.

Breaches of the Company's Securities Trading Policy are viewed as gross misconduct and significant consequences may apply as a result, which may include a written warning or immediate termination of employment. The Chairman of the Audit & Corporate Governance Committee is notified of any breaches of the policy and is required to notify and put a recommendation to the Board for ratification on the consequence to be applied.

Audit & Corporate Governance Committee

The Audit & Corporate Governance Committee was established by the Board to assist the Board in fulfilling its responsibilities in relation to financial reporting, internal controls, risk management and corporate governance. The primary functions of the Audit & Corporate Governance Committee, which are detailed in its formal charter, include:

- + reviewing the financial information that will be provided to shareholders and regulators;
- + reviewing the integrity and quality of the Company's financial statements and disclosures;
- + reviewing the systems, processes and controls that the Board and Management have established to identify and manage areas of significant financial risk;
- + reviewing the Company's auditing, accounting and financial reporting processes;
- + reviewing and reporting to the Board on Corporate Governance regulatory or compliance issues; and
- + providing recommendations to the Board on Corporate Governance practices and policies after assessment and review.

The responsibilities of the Audit & Corporate Governance Committee also include:

- + making recommendations to the Board on the appointment, re-appointment and replacement of the external audit firm;
- + reviewing the scope of the external audit with the external auditor including identified risk areas;
- + reviewing and assessing non-audit services to be provided by the external auditor, with particular consideration given to the potential to impair or appear to impair the external auditors' independence;
- + monitoring the performance of the external auditor including an assessment of the quality and rigour of the audit, quality of the service provided and the external auditor's own internal quality control procedures; and
- + reviewing and monitoring Management's responsiveness to the external audit findings.

The Audit & Corporate Governance Committee Charter states that committee membership should comprise a minimum of three non-executive members of the Board and at least two of the members must be independent; and that the committee shall be chaired by an independent Chairman who is not Chair of the Board. The membership of the committee is as follows:

- + Ian McCubbing (Committee Chairman) - independent Director, Non-Executive Director.
- + Joe Ariti - independent Director, Non-Executive Director.
- + David Nixon - independent Director, Non-Executive Director.

The Audit & Corporate Governance Committee met two times during FY10, details of which are disclosed in the *Directors' Report*. The qualifications of the committee members are also set out in the *Directors' Report*.

The Audit & Corporate Governance Committee will ensure that the Managing Director and Chief Financial Officer prepare a written statement to the Board certifying that the Company's annual financial report and half yearly financial report present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance and are in accordance with relevant accounting standards. The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports.

The Managing Director and the Chief Financial Officer are also required to represent in writing to the Board that the above statement made by the Managing Director and the Chief Financial Officer pertaining to the Company's annual financial report and half yearly financial report is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects.

Continuous Disclosure Policy

The Company is required to comply with the general and continuous disclosure requirements set out in the *Corporations Act 2001* and the ASX Listing Rules. The Company has put in place various mechanisms to ensure that all investors have equal and timely access to information which may have a material effect on the price or value of the Company's securities and that all announcements made by the Company are factual and presented in a clear and balanced way.

The Managing Director and Company Secretary, in conjunction with the Chairman, have been appointed as the persons responsible for implementing and administering the Company's continuous disclosure policy (**Disclosure Officers**). The Disclosure Officers are responsible for all communication with the ASX and for making decisions on what should be disclosed publicly under this policy. All information to be lodged with the ASX must first be reviewed by at least two of the Disclosure Officers.

The Disclosure Officers are required to review all communications to be made to the ASX prior to their release to ensure that communications are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. All information disclosed to the ASX in compliance with this policy must be promptly placed on the Company's website.

The Company's authorised spokespersons are the Managing Director, Chairman and Company Secretary. In appropriate circumstances, the Managing Director may from time to time authorise other spokespersons on particular issues.

Shareholder Communication Policy

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market, and to communicating effectively with shareholders and providing them with timely access to balanced and understandable information on the Company's operations and future activity. The Managing Director and Company Secretary have the primary responsibility for communication with shareholders.

The Company ensures effective communication with shareholders on an on-going basis through a variety of mediums, which include continuous disclosure to relevant stock markets, periodic disclosure through the annual report and half year financial report, general meetings and the Company's website and electronic communications. Shareholders are encouraged to use their attendance at general meetings to ask questions on any relevant matter, with time being specifically set aside for shareholder questions.

Risk Management & Internal Control

The Company has adopted a risk management system designed to identify and assess the impact of any current or future risks that may have a material effect on the performance of the Company or create new opportunities that may enhance the Company's performance. Material risks are monitored on a regular basis and managed through the development of mitigation strategies.

Management is responsible for determining the Company's risk profile and for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- + undertaking an annual strategic planning process to establish the Company's strategies and objectives for the year ahead and strategic direction for the next three years;
- + reviewing in detail the success or otherwise of the previous strategic plan as part of the annual strategic planning process;
- + monitoring the outcomes of the strategies implemented against the Company's objectives;
- + undertaking internal and external environmental reviews to identify actual and potential risks that may materially impact the ability of the Company to carry out its strategies and achieve its objectives;
- + monitoring the environment regularly to assess the status of identified risks and any trends that may have significantly changed the nature or potential impact of those risks;
- + designing and implementing appropriate risk management policies and internal controls; and
- + assessing the effectiveness of the risk management system and internal compliance and control mechanisms.

The role of the Board in the Company's risk management system is to review the risk management policies and system implemented by Management to assess whether the Company has in place adequate risk management and internal compliance and control mechanisms. Management is responsible for the on-going management of risk with standing instructions to advise the Board of material changes in circumstances both internal and external to the Company.

During FY10, the management group established a risk register and mitigation strategies to address identified risks which it presented to the Board. Subsequently, on an irregular basis, management has undertaken a review of its progress with respect to the risk mitigation measures implemented as against risks identified and reported this to the Board.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee was established by the Board to assist the Board in fulfilling its responsibilities in relation to:

- + developing and assessing the Company's remuneration policies to ensure that remuneration is sufficient and reasonable and that its relationship to performance is clear; and
- + structuring the Board to ensure that it has an effective composition, size and commitment to adequately discharge its responsibilities and duties, and add value through effective decision making.

Remuneration

The primary functions of the Committee with respect to remuneration are to develop remuneration policies for the Company that are appropriate to the organisation with respect to its size, peers and market conditions, and to recommend remuneration packages and incentive schemes for the Company's Senior Executives and Management, and remuneration packages for Non-Executive Directors, that motivate and reward performance, attract and retain quality people, and align interests with those of shareholders.

The key responsibilities of the Committee include:

- + undertaking an annual review of market conditions, economic factors, industry trends, remuneration statistics and trends, and peer remuneration practices to set the framework for the determination of organisational wide remuneration policies;
- + ensuring that a formalised annual performance appraisal and remuneration review process is in place and carried out each year across the Company;
- + reviewing the remuneration of Senior Executives on at least an annual basis and putting remuneration recommendations to the Board for approval;
- + reviewing the remuneration of Non-Executive Directors on at least an annual basis and putting remuneration recommendations to the Board for approval;
- + reviewing remuneration recommendations for Management put forward by their immediate supervisors and putting those remuneration recommendations to the Board for approval;
- + making recommendations to the Board with respect to the Company's equity based performance incentive plans and cash based performance incentive plans; and
- + reviewing the operation and effectiveness of the Company's equity based performance incentive plans and cash based performance incentive plans and making recommendations to the Board with respect to the modification of existing plans or the introduction of new plans.

Nomination

The primary functions of the Committee with respect to nomination are to develop a framework within which the desired competencies, composition and size of the Board are established, and regularly monitor the appropriateness of the Board structure against that framework, and structure and oversee the procedures for the recruitment and selection of new Board candidates.

The key responsibilities of the Committee include:

- + developing and monitoring a framework within which the desired skills, experience and expertise of the Board are established, appropriate to the Company's circumstances;
- + monitoring the existing Board structure against the framework and making recommendation to the Board with respect to proposed changes to the Board;
- + developing procedures for the recruitment and selection of new Board candidates;
- + overseeing the implementation of the procedures for recruiting new Board candidates;
- + making recommendations to the Board with respect to the membership of Board committees; and
- + ensuring that succession planning is undertaken for key Management positions and the position of Chairman.

The Remuneration & Nomination Committee Charter states that committee membership should comprise a majority of independent Directors and have at least three members; and that the committee shall be chaired by an independent Director. The membership of the committee is as follows:

- + Andrew Simpson - independent Director, Non-Executive Chairman (Committee Chairman).
- + Joe Ariti - independent Director, Non-Executive Director.
- + David Nixon - independent Director, Non-Executive Director.

The Remuneration & Nomination Committee met two times during FY10, details of which are disclosed in the *Directors' Report*. Further details of the Company's remuneration practices are set out in the *Remuneration Report* contained in the *Directors' Report*.

Adherence to the Best Practice Recommendations

The Company is committed to adhering to the second edition of "Corporate Governance Principles and Recommendations" released by the ASX Corporate Governance Council in 2007, to the extent that such recommendations are consistent with the structure and objectives of the Company. The Company has however departed from the following best practice recommendations:

Recommendation 8.2 - "Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives."

The Company has clearly distinguished the structure of the remuneration of its Non-Executive Directors' from that of its Executive Directors and Senior Executives through its remuneration policy. However, Non-Executive Directors are eligible to participate in the Company's equity based incentive plans, which may include the issue of shares, performance rights and options, subject to any required shareholder approvals. The Company believes that this eligibility for Non-Executive Directors is appropriate in the circumstances, given the competitive market for experienced and qualified non-executive directors, the growing risks associated with public company directorships and the need to align the interests of Non-Executive Directors with shareholders whilst preserving the Company's cash position.

Copy of the Corporate Governance Policies

A copy of the Company's corporate governance policies can be found on its website at www.swickmining.com.au.



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	
	Note	2010 \$	2009 \$
Continuing Operations			
Revenue	5	84,214,468	70,649,578
Finance Revenue	5	104,179	294,746
Other income	5	1,640,481	903,515
Total revenue and other income		85,959,128	71,847,839
Finance Costs	5	3,301,883	3,549,180
Impairment Loss	5	9,023,111	-
Other Expenses	5	83,901,312	68,045,296
Expenses		96,226,306	71,594,476
Profit/(Loss) before income tax expense		(10,267,178)	253,363
Income tax (expense)/benefit	6	3,414,419	(495,228)
Profit/(Loss) after income tax expense from continuing operations		(6,852,759)	(241,865)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	12	(3,206,554)	2,344,314
PROFIT/(LOSS) FOR THE YEAR		(10,059,313)	2,102,449
Other comprehensive income			
Exchange differences on translating foreign operations		18,540	17,998
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(10,040,773)	2,120,447
Earnings/(loss) per share (cents per share)			
<i>From continuing and discontinued operations</i>			
- basic; for profit for the year	22	(4.94)	1.39
- diluted; for profit for the year		(4.94)	1.39
<i>From continuing operations</i>			
- basic; for profit for the year	22	(3.36)	(0.15)
- diluted; for profit for the year		(3.36)	(0.15)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	
		2010	2009
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	8,817,798	8,548,370
Trade and other receivables	9	17,963,159	12,131,103
Inventories	10	16,399,505	18,318,879
Other current assets	11	1,681,065	1,961,091
Assets Classified as held for sale	12	10,996,683	-
TOTAL CURRENT ASSETS		55,858,210	40,959,443
NON-CURRENT ASSETS			
Property, plant and equipment	13	97,078,494	114,223,963
Deferred tax assets	6	-	-
Intangible asset and goodwill	14	794,618	2,963,070
Other non-current assets	15	2,000	2,000
TOTAL NON-CURRENT ASSETS		97,875,112	117,189,033
TOTAL ASSETS		153,733,322	158,148,476
CURRENT LIABILITIES			
Trade and other payables	16	15,568,516	13,575,135
Interest bearing loans and borrowings	17	14,480,322	17,052,848
Provisions	18	2,011,482	1,444,381
Liabilities associated with assets classified as held for sale	12	6,617,685	-
TOTAL CURRENT LIABILITIES		38,678,005	32,072,364
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6	763,348	5,612,954
Provisions	18	137,103	92,233
Interest bearing loans and borrowings	17	21,012,312	40,739,063
TOTAL NON-CURRENT LIABILITIES		21,912,763	46,444,250
TOTAL LIABILITIES		60,590,768	78,516,614
NET ASSETS		93,142,554	79,631,862
EQUITY			
Contributed equity	19	82,189,451	58,682,827
Reserves	20	568,580	505,197
Retained earnings	21	10,384,523	20,443,838
TOTAL EQUITY		93,142,554	79,631,862

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2010 \$	2009 \$
Receipts from customers	92,962,515	88,244,701
Payments to suppliers and employees	(76,104,938)	(71,013,783)
Interest paid	(4,023,662)	(4,488,891)
Income tax paid	-	(117,636)
Net cash inflow from operating activities	12,833,915	12,624,391

Note 24

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	104,241	577,424
Proceeds from sale of property, plant & equipment	1,677,481	675,655
Payments for plant and equipment	(19,103,001)	(52,784,211)
Payment for research and development	(3,068,231)	(2,030,591)
Net cash (used in) investing activities	(20,389,510)	(53,561,723)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of finance lease obligations	(17,575,347)	(15,889,827)
Proceeds of loans	1,893,754	31,613,352
Proceeds from issued capital	23,506,616	8,428,669
Net cash inflow from financing activities	7,825,023	24,152,194

Net increase/(decrease) in cash held	269,428	(16,785,138)
Cash at the beginning of the financial year	8,548,370	25,333,508
Cash at the end of the financial year	8,817,798	8,548,370

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED	Ordinary Shares	Share Based Payments Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Parent Interests
At 1 July 2008	50,254,158	622,424	-	17,548,188	68,424,770
Total income and expense for the period recognised directly in equity					
Profit for the period	-	-	-	2,102,449	2,102,449
Other comprehensive income	-	-	17,998	-	17,998
Shares issued	8,237,667	-	-	-	8,237,667
Share based payments	-	(135,225)	-	793,200	657,975
Transaction costs on share issue	191,002	-	-	-	191,002
At 30 June 2009	58,682,827	487,199	17,998	20,443,837	79,631,861
At 1 July 2009	58,682,827	487,199	17,998	20,443,837	79,631,861
Total income and expense for the period recognised directly in equity					
Loss for the period	-	-	-	(10,059,314)	(10,059,314)
Other comprehensive income	-	-	18,540	-	18,540
Shares issued	23,815,544	-	-	-	23,815,544
Share based payments	-	44,843	-	-	44,843
Transaction costs on share issue	(1,232,322)	-	-	-	(1,232,322)
Income tax relating to capital raising costs	923,402	-	-	-	923,402
At 30 June 2010	82,189,451	532,042	36,538	10,384,523	93,142,554

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

1. General Information

Swick Mining Services Ltd (the "Parent" or the "Company") is a public company listed on the Australian Securities Exchange Limited ("ASX") and is incorporated in Australia. Swick Mining Services Ltd and its subsidiaries (collectively referred to as "Swick Mining Services Group" or "the Group") operate extensively throughout Australia and North America.

Swick Mining Services Limited's registered office and its principal place of business are as follows:

64 Great Eastern Highway
South Guildford Western Australia 6055
Australia

Tel: +61 (8) 9277 8800

The financial report of the Company and its controlled entities for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 29 September 2010.

2. Adoption of New and Revised Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 30 June 2009.

- + AASB 8 Operating Segments effective on or after 1 January 2009. AASB 8 is a disclosure Standard that has resulted in redesignation of the Group's reportable segments (see note 4).
- + AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations [AASB 2] effective on or after 1 January 2009.
- + AASB 101 Presentation of Financial Statements (revised 2007) effective on or after 1 January 2009.
The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards. This standard has been adopted in the 30 June 2010 financial year.
- + Amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations (adopted in advance of effective on or after 1 January 2010).

3. Significant Accounting Policies

Statement of Compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards, and interpretations and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards.

Basis of Preparation

The financial report has been prepared on a historical cost basis, except where stated. All amounts are presented in Australian currency.

In applying A-IFRS, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substances of the underlying transactions or other events are reported. These accounting policies are consistently applied by each entity in the group.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial report for the year ended 30 June 2010 and the comparative information.



3. Significant Accounting Policies (continued)

(a) Basis of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all of the entities that comprise the Group.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

(b) Presentation Currency

For the purpose of this report, the functional and presentation currency adopted is Australian Dollars.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits repayable on demand with a financial institution. Cash balances and overdrafts in the balance sheet are stated at gross amounts within current assets and current liabilities, unless there is legal right of offset at the bank.

The cash and cash equivalents balance primarily consists of cash, on call in bank deposits, bank term deposit with three month maturity and money market investments readily convertible into cash within 2 working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount.

(d) Trade and Other Receivables

Trade receivables which generally have 30-60 days terms are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. The Group reviews the collectability of trade receivables on an ongoing basis and makes an objective judgement concerning amounts considered not collectible. The amount of the loss is recognised in the income statement within operating expenses and classified as doubtful debts. Any subsequent recovery of amounts previously written off, are recorded as other income in the income statement.

(e) Inventories

The Group maintains an inventory of drilling consumables for use in the rendering of drilling services. Inventory is measured at the lower of cost and net realisable value. An on-going review is conducted in order to ascertain whether items are obsolete or damaged, and if so determined, the carrying amount of the item is written down to its net realisable value.

(f) Recoverable Amount of Non-current Assets

Non-current assets valued on the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

(g) Impairment of Non-Financial Assets Other Than Goodwill

At each reporting date the Company conducts an internal review of asset values of its non-financial assets to determine whether there is any evidence that the assets are impaired. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

3. Significant Accounting Policies (continued)

(h) Goodwill and Other Intangible Assets

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. As at the acquisition date, goodwill acquired is allocated to each of the cash-generating business units expected to benefit from the combination's synergies.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised immediately in the income statement. Impairment testing is performed annually.

(i) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes acquisition, being the fair value of the consideration provided, plus incidental costs directly attributable to the acquisition.

Subsequent costs directly related to an item of property are recognised in the carrying amount of that item of property plant and equipment only when it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are recognised in the income statement as an expense.

Depreciation is recognised in the income statement on a straight-line or diminishing value basis over the estimated useful life of each part of an item of property plant and equipment. Those items of property, plant and equipment undertaking construction are not depreciated.

The following useful lives are used in the calculation of depreciation for each class of property, plant and equipment:

Leasehold Improvements	15 – 40 years
Plant and Machinery	5 – 10 years
Drilling Rigs	10 – 15 years
Other Drilling Equipment	2 – 10 years
Office Equipment	5 – 10 years
Computer Equipment:	
Hardware	3 – 5 years
Software	1 – 5 years

(i) Leased Assets

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreements as to reflect the risks and benefits incidental to ownership. Operating lease payments are leases under which the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item are recognised as an expense on a straight-line basis.

A finance lease effectively transfers to the lessee substantially all the risks and benefits incidental to ownership of the leased item, capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognised directly in net profit.

The cost of improvements to or on leased property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(k) Trade and Other Payables

Trade payables and other payables are carried at amortised cost. They represent unsecured liabilities for goods and services procured by the Swick Group prior to the financial period that remain unpaid and occur when the Group becomes obligated to make future payments. The amounts are unsecured and are usually paid within 30 days of recognition.



3. Significant Accounting Policies (continued)

(l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(m) Employee Benefits

Liabilities for employee related benefits comprising wages, salaries, annual leave and long service leave are categorised as present obligations resulting from employees services provided up to and including the reporting date. The liabilities are calculated at discounted amounts based on remuneration wage and salary rates the Group expects to pay as at reporting date including related on-costs, such as payroll tax and workers compensation insurance, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to report date.

Employee superannuation entitlements are charged as an expense when they are incurred and recognised as other creditors until the contribution is paid.

(n) Loans and Borrowings

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost utilising the effective interest rate method. Difference occurring between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(o) Financial Instruments

Debt and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Non-current loans and receivables are measured at amortised cost using the effective interest rate method less impairment. Interest is recognised by applying the effective interest rate. Current trade receivables are recorded at the invoiced amount and do not bear interest.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3. Significant Accounting Policies (continued)

(p) Revenue Recognition

Revenue from the provision of services and sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and sales taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers of risks and rewards vary depending on the individual terms of the contract of sale and with local statute, but are generally when title and insurance risk has passed to the customer and the goods have been delivered to a contractually agreed location.

Interest revenue is recognised as it accrues using the effective interest rate method.

(q) Current and Deferred Taxation

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.



3. Significant Accounting Policies (continued)

(r) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- ✦ deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- ✦ liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- ✦ assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(s) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(t) Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- ✦ costs of servicing equity (other than dividends) and preference share dividends;
- ✦ the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as an expense; and
- ✦ other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

3. Significant Accounting Policies (continued)

(u) Share Based Payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(v) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(w) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the exchange rates at the dates of the transactions. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

(x) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. Significant Accounting Policies (continued)

(x) Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment losses on goodwill are not reversed.

(y) Research and Development

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets other than goodwill is as follows:

Development costs

Useful Lives

Finite

Amortisation method used

Amortised over the period of expected future benefit from the related project on a straight-line basis

Internally generated or acquired

Internally generated

Impairment testing

Annually as at 30 June for assets available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end

As at 30 June 2010, the research and development projects were reassessed and an impairment loss has been recognised (see note 14).

Critical accounting judgements and key sources of estimation uncertainty

Useful lives of property, plant and equipment

During the financial year, after review of the current condition of underground drill rigs approaching the end of their useful lives, the directors determined that the useful lives should be increased from 7 to 12 years. The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to reduce the consolidated depreciation expense in the current financial year by \$585,595. For the next 5 years, assuming all the rigs are used at their full capacity and are held until the end of their estimated useful lives, the depreciation expenses on the existing underground mobile drill rigs will be reduced by the following amounts:

Year End	\$'000
2011	1,168,171
2012	1,092,979
2013	970,318
2014	863,165
2015	283,283

Recoverability of internally generated intangible asset

During the year, the directors reconsidered the recoverability of the Group's internally generated intangible asset arising from research and development projects, which is included in the consolidated statement of financial position at 30 June 2010 at \$585,595. The directors have decided to write off 4.7m research and development cost of Water Hammer projects due to the current market condition (see note 14).

4. Segment Information

(a) Description of Segments

The Group has adopted AASB 8 Operating Segments for the first time with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and assess their performance.

The Group's chief operating decision maker for the purpose of resource allocation and assessment of performance of segments is specifically focused on Drilling Services in Asia Pacific and Drilling Services in North America

The Group's revenue from continuing operations and information about its assets and liabilities by reportable segments are detailed below.

Segment Revenue, Expense and Results for Continuing Operations

	Drilling Services - Asia Pacific		Drilling Services - North America		Total	
	2010	2009	2010	2009	2010	2009
Sales to external customers	79,805,740	71,553,093	6,049,209	-	85,854,949	71,553,093
Interest income	104,179	294,746	-	-	104,179	294,746
Total Revenue	79,909,919	71,847,839	6,049,209	-	85,959,128	71,847,839
Cost of Sales	53,717,178	52,847,987	4,282,571	-	57,999,749	52,847,987
Depreciation	16,640,449	11,825,733	198,603	811	16,839,052	11,826,544
Overhead	7,905,471	2,364,772	1,157,040	1,005,992	9,062,511	3,370,765
Interest Expenses	3,301,883	3,549,108	-	73	3,301,883	3,549,180
Impairment Loss	8,863,288	-	159,823	-	9,023,111	-
Total Expense	90,428,269	70,587,600	5,798,037	1,006,876	96,226,306	71,594,476
Segment Profit/(Loss) before Tax	(10,518,350)	1,260,239	251,172	(1,006,876)	(10,267,178)	253,363

The segment information does not include any amount for the discontinued operations, which are described in more detail in note 12.

Segment Assets and Liability for Continuing Operations

	Drilling Services - Asia Pacific		Drilling Services - North America		Total	
	2010	2009	2010	2009	2010	2009
Total Segment Assets	260,149,265	240,526,665	11,521,833	4,927,132	271,671,098	245,453,797
Assets held for sale	-	-	-	-	10,996,683	-
Segment Liabilities	(179,693,233)	(163,009,797)	(12,251,305)	(5,933,905)	(179,693,233)	(168,943,702)
Liabilities associated with assets held for sale	-	-	-	-	(6,617,685)	-
Eliminations	-	-	-	-	(3,214,309)	3,121,766
Total Net Assets	80,456,032	77,516,868	(729,472)	(1,006,773)	93,142,554	79,631,861
Other segment information						
Depreciation and amortisation	16,640,499	11,825,733	198,603	811	16,839,052	11,826,544
Non-current assets	90,339,293	121,104,200	7,535,819	4,565,673	97,875,112	125,669,873

Included in revenues is \$17.3m (FY09 6.9m) from sales to the Groups largest customer.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

5. Revenue, Income and Expenses for Continuing Operations

	2010 \$	2009 \$
Revenue		
Services	84,214,468	70,649,578
Other revenue		
Interest-Financial Institution	104,179	294,746
Total Revenue	84,318,647	70,944,324
Other Income		
Proceeds from sale of property, plant & equipment	1,640,481	903,515
Total Other Income	1,640,481	903,515
Total Revenue and other income	85,959,128	71,847,839
Expenses		
Finance Costs		
Bank loans and overdrafts	33,000	139,326
Finance charges payable under finance leases and hire purchase agreements	3,268,883	3,409,854
Total Finance Costs	3,301,883	3,549,180
Impairment Loss		
Impairment of PPE	472,381	-
Impairment of R&D Projects	4,709,031	-
Impairment of Obsolescent Inventory	3,681,876	-
Impairment of Company setup cost	159,823	-
Total Impairment Loss	9,023,111	-
Other Expenses		
Consumables	8,906,151	9,309,889
Accommodation and travel	2,971,390	3,339,293
Repairs, parts and maintenance	1,257,338	2,061,184
Other direct costs	1,893,277	463,711
Employee benefits expenses	48,118,976	37,673,910
Depreciation and amortisation expense	16,839,052	11,826,544
Administration costs	1,495,375	1,088,234
Insurance	1,567,098	1,195,233
Marketing	179,833	227,431
Recruitment and training	131,029	340,049
Rent and Outgoings	541,793	519,817
Total Other Expenses	83,901,312	68,045,296
Total Expenses	96,226,306	71,594,476

6. Income Tax

Income Tax Recognised in profit or loss

Current income

Current income tax charge	(563,968)	-
Adjustments in respect of previous current income tax	-	1,267,823

Deferred income tax

Relating to origination and reversal of temporary differences	3,926,205	(1,813,929)
Income tax (expense)/benefit reported in income statement	3,362,237	(546,106)

The expense for the year can be reconciled as follows:

Accounting profit/(loss) before tax from continuing operations	(10,267,178)	253,363
Profit/(Loss) before tax from discontinued operations	(3,154,370)	2,395,190
Accounting profit/(loss) before income tax	(13,421,548)	2,648,553

At the statutory income tax rate of 30% (2009: 30%)	4,026,464	(794,566)
Non-deductible expenses	(47,474)	(566,011)
Effect of foreign tax rate	(27,383)	678,974
Tax losses not recognised	(169,544)	1,267,823
Adjustments in respect of previous deferred income tax	(177,345)	(1,608,732)
Charge to equity capital raising costs	-	476,406
Impact of entering into consolidations	(242,481)	-
	3,362,237	(546,106)

Income tax expense reported in income statement	3,414,419	(495,224)
Income tax attributable to discontinued operation	(52,182)	(50,878)

Amounts recognised directly in equity	-	-
Deferred tax credited directly to equity	(923,402)	61,103
	(923,402)	61,103

6. Income Tax (continued)

Deferred tax assets and liabilities are attributable to the following:

Recognised deferred tax assets

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	2009 \$	2010 \$
Cash and Cash Equivalents	-	-
Doubtful debts	-	28,663
Inventories	-	4,106,686
Provisions and accrued expenses	1,066,687	622,643
Borrowing costs	33,877	33,877
Tax deductibility for capital raising costs	822,314	179,447
Tax Losses	-	3,509,525
<i>Tax (assets)/liabilities</i>	<u>1,922,878</u>	<u>8,480,841</u>
Set off of tax	<u>(1,922,878)</u>	<u>(8,480,841)</u>
<i>Net tax (assets)/liabilities</i>	<u>-</u>	<u>-</u>
Movements		
Opening Balance 1 July	-	3,169,258
Credit/(charged) to Equity	923,402	-
Credit/(charged) to the income statement	<u>(923,402)</u>	<u>(3,169,258)</u>
Closing Balance at 30 June	<u>-</u>	<u>-</u>

Recognised deferred tax liabilities

CONSOLIDATED

Consumables	(2,314,955)	(949,144)
Inventories	-	(9,486,076)
Property, plant and equipment	(40,192)	(3,210,254)
Accrued income	(15,000)	-
Prepayments	(316,079)	(448,321)
<i>Tax (assets)/liabilities</i>	<u>(2,686,226)</u>	<u>(14,093,795)</u>
Set off of tax	<u>1,922,878</u>	<u>8,480,841</u>
<i>Net tax (assets)/liabilities</i>	<u>(763,348)</u>	<u>(5,612,594)</u>
Movements		
Opening Balance 1 July	(5,612,954)	(6,968,283)
Credit/(charged) to the income statement	<u>4,849,606</u>	<u>(1,355,329)</u>
Closing Balance at 30 June	<u>(763,348)</u>	<u>(5,612,594)</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

Australian tax losses	39,523	-
Overseas Tax Losses	<u>260,042</u>	<u>130,021</u>
	<u>299,565</u>	<u>130,021</u>

7. Financial Instruments

Financial Risk Management Objectives

The Group's corporate finance function provides services to the business, co-ordinates access to domestic and financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks, where deemed appropriate.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 17, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves, other equity and retained earnings (accumulated losses) as disclosed in Notes 20.

The gearing ratio at the end of the reporting period was as follows:

	2010	2009
Debt (i)	35,492,633	57,791,911
Cash and cash equivalents	(8,817,798)	(8,548,370)
Net debt	26,674,835	49,243,541
Equity (ii)	93,142,554	79,631,861
Net debt to equity ratio	28.64%	61.84%

(i) Debt is defined as long- and short-term borrowings (excluding derivatives and financial guarantee contracts), as described in note 17.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

Market Risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group has entered into fixed rate funding agreements with a variety of financial institutions to manage its exposure to interest rate risk. The Group is not exposed materially to financial risks of changes in foreign currency exchange rates.

Interest Rate Risk Management

The Parent and the Group are not exposed to interest rate risk as entities within the Group borrow funds at fixed interest rates. The necessity to undertake hedging activities is evaluated regularly to align with interest rate views and defined risk appetite; currently the Management of the Company takes the view that hedging activity is unnecessary.

Given that the majority of the Group's borrowings are in the form of hire purchase agreements, meaning the interest rates are fixed there is no material risk to variable interest rates.

The Group cash balance at 30 June 2010 was \$8.8 million. These funds attract interest up to 3% per annum. A 1% increase or decrease in the interest rate will not result in a material variation in earnings.

Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

7. Financial Instruments (continued)

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with management and the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 17 is a listing undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Interest Rate Risk

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Consolidated Entity

2010	Fixed interest maturing in						Total
	Floating Interest Rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets and liabilities:							
Cash and cash equivalents	8,818	-	-	-	-	-	8,818
Bank loans	-	(1,024)	-	-	-	-	(1,024)
Hire Purchase Liabilities	-	(10,071)	(15,212)	(8,360)	(827)	-	(34,470)
Net Financial (Liabilities)/Assets	8,818	(11,095)	(15,212)	(8,360)	(827)	-	(26,676)
Weighted average interest rate	3.00%	7.92%	7.92%	7.92%	7.92%	-	7.92%

2009	Fixed interest maturing in						Total
	Floating Interest Rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets and liabilities:							
Cash and cash equivalents	8,548	-	-	-	-	-	8,548
Bank loans	-	(981)	-	-	-	-	(981)
Hire Purchase Liabilities	-	(16,072)	(16,681)	(15,236)	(8,083)	(739)	(56,811)
Net Financial (Liabilities)/Assets	8,548	(17,053)	(16,681)	(15,236)	(8,083)	(739)	(49,244)
Weighted average interest rate	3.00%	8.12%	8.12%	8.12%	8.12%	8.12%	8.12%

Refer note 17 regarding undrawn facilities. These facilities comprise asset financing with the National Australia Bank.

The Group does not hold any financial instruments at fair value.

Foreign Currency Risk

The Group is exposed to the currency fluctuations through its subsidiary operations carried on in USA and Canada.

The foreign subsidiaries are self funding at present and the income and expenditure is denominated in local currencies of the jurisdiction in which they operate, hence reducing any exposure to currency fluctuations.

The sensitivity does not include financial instruments that are non-monetary items as these are not considered to give rise to currency risk. A 1% increase or decrease in the foreign currency will result in a net impact to the group of \$85,000 which would be reflected in equity.

8. Cash and cash equivalents

Cash in hand
Bank balance
Cash and cash equivalents

Consolidated	
2010 \$	2009 \$
1,032	10,749
8,816,766	8,537,621
8,817,798	8,548,370

Cash in hand is non-interest bearing. Bank balance attracts interest at a rate of 3% (2009 3%). The Group's exposure to interest rate risk is discussed in note 8, The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

9. Trade and Other Receivables

Trade receivables
Allowance for doubtful debts
Amounts receivable from related party

Accrued Income
Rebates and credit offsets
Tax refund receivable

Consolidated	
2010 \$	2009 \$
17,196,727	11,253,414
-	(95,542)
291,706	-
17,488,433	11,157,872
409,456	56,700
65,270	719,525
-	197,006
17,963,159	12,131,103

The aging of trade receivables at 30 June 2010 is detailed below:

Not past due	12,583,645	10,266,635
Past due 0 - 30 days	4,123,115	263,275
Past due 31 - 60 days	667,456	303,246
Past due 61 - 90 days	114,218	288,965
Past due 91 - 120 days	-	35,750
Past due 121 days (refer below)	-	95,542
	17,488,434	11,253,413

The movement in allowance for doubtful debts in respect of trade receivables is detailed below:

Opening balance	(95,542)	(95,542)
Amounts recovered during the year	17,832	-
Amounts written off during the year as uncollectible	77,711	-
Closing balance	-	(95,542)

Trade debtors are non-interest bearing and generally on 30 - 60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade debtor is impaired.

Due to the short term nature of these receivables their carrying value is assumed to approximate their fair value.

An amount of \$17,832 which had previously been written off has been received in the financial year ended 30 June 2010 and included in other income. No Further amount is expected to be received due to finalisation of the liquidation process of the entity. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due. Amounts receivable from related entities are non-interest bearing and repayable on demand.

Effective interest rates risk and credit risk – information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in the non-current receivables note 8.

10. Inventory

	Consolidated	
	2010 \$	2009 \$
Consumables & Stores	20,081,381	18,318,879
Provision for Obsolescence	(3,681,876)	-
	16,399,505	18,318,879

A provision for obsolescence of \$3,681,876 has been recognised to take account inventory items purchased in prior years (pre-downturn) that are now obsolete (superseded or non-preferred) or will likely remain unused for some time (slow-moving). Items not sold as part of the disposal of assets will be aggressively managed to maximise utilisation of all available resources.

The cost of inventories as an expense during the year in respect of continuing operations was \$8,906,151.

11. Other Current Assets

Prepayments	1,298,944	1,159,840
Others Current Assets	382,121	801,251
	1,681,065	1,961,091

12. Discontinued Operations

The Group is seeking to dispose of assets which are not currently utilised or considered likely to be under-utilised over the course of the next 12 months so as to allow management to focus on the Company's core business. These assets are comprised of the group's machine shop business and Surface Diamond/ Multi-purpose drill fleet. The combined results of the operations to be discontinued are set out below. The comparative profit from discontinued operations has been represented to include those operations classified as discontinued in the current period.

Impairment losses of \$4.6 million were recognised in respect of property, plant and equipment and goodwill, respectively.

a. Profit for the year from Discontinued Operations

	Discontinued Operations	
	2010 \$	2009 \$
Revenue	13,573,607	13,063,566
Other Income	62	-
Expenses	12,104,803	10,668,374
Profit before tax	1,468,866	2,395,192
Attributable income tax expense	52,182	50,878
Gain/(loss) on re-measurement to fair value (impairment) less cost of sell	(4,623,238)	-
Profit/(loss) for the year from discontinued operations (attributable to owners of the Company)	(3,206,554)	2,344,314

12. Discontinued Operations (continued)

b. Cash flows from discontinued operations

Net cash inflows/(outflows) from operating activities
Net cash inflows/(outflows) from investing activities
Net cash inflows/(outflows) from financing activities
Net cash inflows

c. Assets classified as Held for Sale

Book value of tangible assets
Depreciation expense for the year
Provision of impairment loss
Net tangible assets held for Sale

Goodwill
Provision of impairment loss
Net Intangible assets held for sale

Total Assets held for Sale

Current liabilities
Non-current liabilities
Liabilities associated with assets held for sale

Discontinued Operations	
2010 \$	2009 \$
3,789,481	4,772,412
179,911	(8,185,511)
(3,562,482)	3,419,250
406,910	6,151
16,861,058	-
(1,598,836)	-
(4,265,538)	-
10,996,683	-
357,700	-
(357,700)	-
-	-
10,996,683	-
2,845,820	-
3,771,865	-
6,617,685	-

13. Property, Plant and Equipment

	Consolidated	
	2010 \$	2009 \$
Office furniture & equipment	3,603,374	3,341,762
Less: accumulated depreciation	1,910,773	1,050,186
	1,692,601	2,291,576
Drilling plant & equipment	109,958,838	98,581,739
Less: accumulated depreciation	26,246,896	17,105,873
Less: provision for Impairment	363,246	-
Less: Assets held for sale	14,796,242	-
	68,552,454	81,475,866
Leasehold improvements	2,739,355	2,391,325
Less: accumulated depreciation	512,013	292,765
	2,227,342	2,098,561
Other plant & equipment	14,771,319	11,210,178
Less: accumulated depreciation	5,682,363	2,625,650
Less: Assets held for sale	2,064,816	-
	7,024,140	8,584,528
Motor vehicles	25,257,182	25,164,428
Less: accumulated depreciation	7,566,091	5,390,996
Less: provision for Impairment	109,135	-
	17,581,956	19,773,432
Total Property Plant and Equipment	97,078,494	114,223,963

The recoverable amount was assessed for certain items of property, plant and equipment. The estimation was based on a fair market value less cost to sell. As a result, an impairment loss of \$472,381 in total was recognised to reduce the carrying amount of plant and equipment to recoverable amount. This has been recognised in the statement of comprehensive income in the line item "Impairment Loss".

2009	Office Furniture & Equipment	Drilling Plant & Equipment	Leasehold Improvements	Other Plant & Equipment	Motor Vehicles	Total
Balance at 1 July 2008	1,772,904	55,705,647	2,041,200	3,387,506	12,259,609	75,166,866
Additions	1,205,822	34,234,456	399,684	6,798,457	10,624,473	53,262,891
Disposals	(4,543)	(360,560)	(200,985)		(365,683)	(931,771)
Depreciation	(682,607)	(8,103,676)	(141,339)	(1,601,435)	(2,744,967)	(13,274,024)
Reclassified as held for sale	-	-	-	-	-	-
Balance at 30 June 2009	2,291,576	81,475,866	2,098,560	8,584,528	19,773,432	114,223,963

2010	Office Furniture & Equipment	Drilling Plant & Equipment	Leasehold Improvements	Other Plant & Equipment	Motor Vehicles	Total
Balance at 1 July 2009	2,291,576	81,475,866	2,098,561	8,584,528	19,773,432	114,223,963
Additions	261,612	14,007,824	348,030	3,561,141	924,394	19,103,001
Disposals		(1,626,090)			(449,891)	(2,075,981)
Depreciation	(860,587)	(10,145,662)	(219,249)	(3,056,713)	(2,556,842)	(16,839,052)
Provision for Impairment		(363,246)			(109,135)	(472,381)
Reclassified as held for sale		(14,796,242)		(2,064,816)		(16,861,058)
Balance at 30 June 2010	1,692,601	68,552,450	2,227,342	7,024,140	17,581,959	97,078,492

14. Intangible Assets and Goodwill

	Goodwill	Intangible Assets - R&D	Intangible Assets - ERP	Intangible Assets - Others	Total
Balance at 30 June 2008	566,723	-	685,267	-	1,251,990
Additions	-	2,226,394	71,881	169,953	2,468,228
Completion of project pool	-	-	(757,148)	-	(757,148)
Assets held for sale	-	-	-	-	-
Balance at 30 June 2009	566,723	2,226,394	-	169,953	2,963,070
Balance at 30 June 2009	566,723	2,226,394	-	169,953	2,963,070
Additions	-	3,068,231	-	-	3,068,231
Impairment	(357,700)	(4,709,031)	-	(169,953)	(5,236,684)
Balance at 30 June 2010	209,023	585,595	-	-	794,618

Reconciliation of Intangible Assets

At 30 June 2010

Goodwill

Balance at 1 July 2009	566,723
Impairment	(357,700)
Balance at 30 June 2010	209,023

Research and development expenditure capitalised

Balance at 1 July 2009	2,058,622
Additions: Capitalised development	2,935,594
Impairment*	(4,709,031)
Balance at 30 June 2010	285,185

* An impairment loss of \$4,709,031 on Research and development expenditure capitalised was recognised in the 2010 financial year. The impaired R&D project related to research and development of Water Hammer rigs in both FY2009 and FY2010. Due to the current changes within the market, the economical feasibility of the water hammer rigs has significantly declined. Therefore the company made the decision to cease continuation of this project and write off all the accumulated costs. The impairment loss has been recognised in the statement of comprehensive income in the line item "Impairment Loss".

Tooling and CAD database capitalised (Swick Engineering)

Balance at 1 July 2009	167,772
Additions	132,637
At 30 June 2010	300,409

Intangible assets - others

Balance at 1 July 2009	169,953
Foreign Exchange Revaluation	(10,130)
Impairment*	(159,823)
Balance at 30 June 2010	-

* The goodwill for \$169,953 for the groups Canadian business has been reassessed and an impairment loss was recognised in 2010 financial year. The impairment loss has been recognised in the statement of comprehensive income in the line item "Impairment Loss".

TOTALS

Balance at 1 July 2009	2,963,070
Additions	3,068,231
Impairment /Revaluation	(5,236,684)
Balance at 30 June 2010	794,618

14. Intangible Assets and Goodwill (continued)

Goodwill and non-current assets have been allocated for impairment purposes to the following cash-generating units:

1. Engineering Operations
2. Drilling operations - Asia Pacific
3. Drilling operations- North America

The recoverable amount of each cash-generating unit was determined by reference to its value in use. A discount factor of 13% per annum (2009:13%) was applied in the value in use model which was based on financial budgets approved by the directors. The directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of each of the above cash generating units to exceed their recoverable amount. The calculations will be reassessed at each reporting date and when an impairment trigger event occurs.

15. Other Non-current assets

	2010 \$	2009 \$
Other Non-current assets	2,000	2,000
Total Non-current Assets	2,000	2,000

16. Trade and Other Payables

Trade creditors	10,392,711	9,501,070
Other creditors	4,808,899	4,074,065
Current tax liabilities	366,905	-
	15,568,516	13,575,135

- (a) Fair value - Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.
- (b) The Payables disclosed are unsecured.

17. Interest Bearing Liabilities

	2010 \$	2009 \$
Current Liabilities		
Bank loans	1,023,541	981,107
Hire Purchase Liabilities	16,302,601	16,071,741
HP Liabilities associated with assets classified as held for sale	(2,845,820)	-
	14,480,322	17,052,848
Non-current Liabilities		
Hire purchase liabilities	24,784,177	40,739,063
HP Liabilities associated with assets classified as held for sale	(3,771,865)	-
	21,012,312	40,739,063

Terms and conditions relating to the above financial instruments:

- (i) Hire purchase liabilities generally have a term of 4-5 years with the financier having an interest in the asset until the final payment is made. The average interest rate is 7.92%. Financiers secure their interest by registering a charge over the specific assets.
- (ii) Interest rate risk exposure: Details of the Group exposure to interest rate changes on interest bearing liabilities are set out in note 7.
- (iii) Fair value disclosures: Details of the fair value of interest bearing liabilities for the Group are set out in note 7.
- (iv) Security: Details of the security relating to each of the secured liabilities and further information on the bank overdrafts and bank loans are set out in note 7.

17. Interest Bearing Liabilities (Continued)

Assets pledged as security

The bank loans and overdraft are secured by a fixed and floating charge over the company's assets.

Hire purchase liabilities are secured by the asset for which the agreement relates.

Financing arrangements

Unrestricted access was available at the balance date to the following lines of credit:

Bank overdraft facility

	2010 \$	2009 \$
Total facilities	1,050,000	2,050,000
Used at balance date	292	-
Unused at balance date	1,049,708	2,050,000

Bank loan facilities

Total facilities	32,117,507	43,626,017
Used at balance date	32,069,697	43,582,116
Unused at balance date	47,810	43,901

18. Provisions

Employee Benefits	2,011,482	1,444,381
Total Current	2,011,482	1,444,381
Employee Benefits	137,103	92,233
Total Non-Current	137,103	92,233



19. Contributed Equity

a) Share Capital

Ordinary shares, fully paid (i)	82,189,451	58,682,827
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(i) Ordinary shares - Fully paid ordinary shares carry one vote per share and carry the right to dividends.

b) Movement in Ordinary Shares on Issue

Details	Number of shares	Issue price	\$ Value
30 June 2009 Balance	123,509,795		58,682,827
31 July 2009 Placement	17,543,179	0.36	6,315,544
11 March 2010 Placement Tranche 1	28,946,245	0.40	11,578,498
14 April 2010 Placement Tranche 2	14,803,755	0.40	5,921,502
Less: transaction costs			(308,920)
30 June 2010 Balance	184,802,974		82,189,451
30 June 2008 Balance	100,627,388		50,254,166
Placement	22,882,407	0.36	8,237,667
Transaction costs net of tax effect	-		191,002
30 June 2009 Balance	123,509,795		58,491,833

20. Reserves

	2010	2009
Foreign Currency Translation Reserve	36,538	17,998
Share based payments	532,042	487,199
	568,580	505,197

The Share based payments reserve relates to share options granted to employees under the employee share option plan.

a. Fair value of Employee Share Options

Dividend yield (%)		
Expected volatility (%)	30%	30%
Risk-free interest rate (%)	7.50%	7.50%
Expected life of option (years)	1.4 - 2.2 years	2.4 - 3.2 years
Option exercise price (\$)	\$1.25 - \$1.50	\$1.25 - \$1.50
Share Price at grant date (\$)	\$1.12 - \$1.30	\$1.12 - \$1.30
Fair Value of share options*	\$0.206 - \$0.301	\$0.223 - \$0.301

No employee share options were issued in the reporting period.

*options were priced using the Black and Scholes pricing model.

b. Movements in share options during the period

	2010		2009	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at 1 July 2009	2,440,000	1.27	3,775,000	1.25
Granted during the year	-		200,000	1.50
Expired during the year	(2,240,000)	1.25	(1,535,000)	1.25
Exercisable at 30 June 2010	200,000	1.50	2,440,000	1.27

21. Retained Earnings

	2010	2009
Balance at 1 July 2009	20,443,837	17,548,188
Cancellation of all Performance Right	-	793,201
Net profit/(loss) attributable to members	(10,059,313)	2,102,449
Retained Earnings	10,384,524	20,443,837

22. Earnings Per Share

a) Basic earnings per share (cents)

	2010	2009
From continuing operations	(3.36)	(0.15)
From discontinued operations	(1.58)	1.54
Total basic earnings per share	(4.94)	1.39

b) Reconciliation of earnings used to calculate earnings per share

Profit after income tax expense and other comprehensive income from continuing operations	(6,852,759)	(241,865)
Profits for the year from discontinued operations	(3,206,554)	2,344,314
	(10,059,313)	2,102,449

c) Weighted average number of shares

a) Diluted earnings per share (cents)

From continuing operations	(3.36)	(0.15)
From discontinued operations	(1.58)	1.54
Total diluted earnings per share	(4.94)	1.39

b) Reconciliation of earnings used to calculate diluted earnings per share

Profit after income tax expense and other comprehensive income from continuing operations	(6,852,759)	(241,865)
Profits for the year from discontinued operations	(3,206,554)	2,344,314
	(10,059,313)	2,102,449

c) Weighted average number of shares used to calculate diluted earnings per share

203,410,816	152,612,076
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23. Related Party Transactions

(a) Sale to related parties

Cougar Metals NL	25,453	-
Cougar Brasilia Pty Ltd	266,253	-
	291,706	-

Randal Swick, a major shareholder of both Cougar Metals NL and Cougar Brasilia Pty Ltd, is a relative of Managing Director Kent Swick.

As at the report issue date, the remaining balance of related party transactions was \$285,145.

Sales of goods to related parties were made at the Group's usual list prices or at fair market value.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

23. Related Party Transactions (continued)

(b) Directors and key management personnel share holdings

2010	Balance at 1 July 2009	Granted as Compensation	Net Other Change	Balance at 30 June 2010
	No.	No.	No.	No.
Directors				
Andrew Simpson	550,000	-	55,000	605,000
David Nixon	50,000	-	5,000	55,000
Joe Ariti	25,000	-	2,500	27,500
Phillip Locker	20,000	-	2,000	22,000
Key Management Personnel				
Kent Swick	27,864,820	-	4,036,482	31,901,302
Michael Fry	2,000,000	-	128,235	2,128,235
Jason Giltay	-	-	-	-
Will Gove	400,000	-	100,000	500,000
Geoff Muir	-	-	-	-
Ryan O'Sullivan	-	-	-	-
Glenn Blackley	150,000	-	(90,000)	60,000
Bryan Wesley	-	-	-	-
Leon Naude	-	-	-	-

2009	Balance at 1 July 2008	Granted as Compensation	Net Other Change	Balance at 30 June 2009
	No.	No.	No.	No.
Directors				
Andrew Simpson	550,000	-	-	550,000
David Nixon	50,000	-	-	50,000
Joe Ariti	-	-	25,000	25,000
Phillip Locker	20,000	-	-	20,000
Key Management Personnel				
Kent Swick	26,364,820	-	1,500,000	27,864,820
Michael Fry	2,000,000	-	-	2,000,000
Jason Giltay	-	-	-	-
Will Gove	300,000	-	100,000	400,000
Geoff Muir	-	-	-	-
Ryan O'Sullivan	-	-	-	-
Glenn Blackley	240,000	-	(90,000)	150,000
Brian Praetz	-	-	-	-
Leon Naude	-	-	-	-

23. Related Party Transactions (continued)

(c) Directors and key management personnel option holdings

2010	Balance at 1 July 2009	Granted as Compensation No.	Expired Options	Balance at 30 June 2010
	No.	No.	No.	No.
Directors				
Andrew Simpson	-	-	-	-
David Nixon	-	-	-	-
Joe Ariti	-	-	-	-
Phillip Locker	-	-	-	-
Key Management Personnel				
Kent Swick	-	-	-	-
Michael Fry	-	-	-	-
Jason Giltay	125,000	-	125,000	-
Will Gove	200,000	-	-	200,000
Geoff Muir	200,000	-	200,000	-
Bryan Wesley	-	-	-	-
Ryan O'Sullivan	75,000	-	75,000	-
Glenn Blackley	200,000	-	200,000	-
Leon Naude	125,000	-	125,000	-
2009	Balance at 1 July 2008	Granted as Compensation	Expired Options	Balance at 30 June 2009
	No.	No.	No.	No.
Directors				
Andrew Simpson	-	-	-	-
David Nixon	-	-	-	-
Joe Ariti	-	-	-	-
Phillip Locker	-	-	-	-
Key Management Personnel				
Kent Swick	-	-	-	-
Michael Fry	-	-	-	-
Jason Giltay	125,000	-	-	125,000
Will Gove	200,000	-	-	200,000
Geoff Muir	200,000	-	-	200,000
Ryan O'Sullivan	75,000	-	-	75,000
Glenn Blackley	200,000	-	-	200,000
Brian Praetz	300,000	-	300,000	-
Leon Naude	125,000	-	-	125,000

23. Related Party Transactions (continued)

Key Management Personnel Compensation

	2010	2009
Short term employee benefits	2,374,600	2,102,701
Post employment benefits	184,564	305,376
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	13,391	23,700
Total	2,572,555	2,431,777

24. Statement of Cash Flows

Cash	2010	2009
------	------	------

a) Reconciliation of Cash

For the purposes of the statements of cash flows, cash includes cash on hand, cash at bank and short term deposits at call. Cash as at the end of the financial period as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

8,817,798	8,548,370
8,817,798	8,548,370

b) Reconciliation of Profit From Operating Activities after Income Tax to Net Cash provided by Operating Activities

Profit after income tax	(10,059,313)	2,102,449
Adjustment		
Depreciation and amortisation	18,437,889	13,476,872
Impairment	9,974,602	-
Amortisation of Employee Options & Rights	44,843	657,975
(Gain) /loss on disposal of plant and equipment	398,500	64,052
Interest income classified as investing cash flow	(104,241)	(577,424)
Net gain on foreign exchange reserve	18,540	17,998
	18,710,820	15,741,922

Changes in assets and liabilities

(Increase)/decrease in current receivables	(5,621,900)	3,570,013
(Increase)/decrease in inventories	1,919,374	(9,806,427)
(Increase)/decrease in other current assets	796,339	1,931,387
(Increase)/decrease in net deferred tax assets	(4,849,607)	1,813,929
(Increase)/decrease in intangible assets	-	(169,953)
Increase/(decrease) in payables	1,886,141	1,457,304
Increase/(decrease) in provisions	611,972	4,145
Increase/(decrease) in provisions for income tax payable	(619,224)	(1,917,929)
Net cash inflow from operating activities	12,833,915	12,624,391

25. Parent Entity Disclosure

Financial Position

Current Assets
Non-Current Assets

Total Assets

Current Liabilities
Non-Current Liabilities

Total Liabilities

Net Assets

Equity

Contributed Equity
Reserves
Retained Earnings / (Accumulated Losses)

Total Equity

Parent	
2010	2009
69,476	7,182,917
72,652,458	48,604,121
72,721,934	55,787,038
(2,834)	(2,763)
-	-
(2,834)	(2,763)
72,719,100	-
95,704,107	72,197,483
532,042	487,199
(23,517,050)	(16,894,880)
72,719,100	55,789,801

Financial Performance

Profit after income tax expense
Other comprehensive income
Total comprehensive income

Parent	
2010	2009
(6,622,169)	(6,140,587)
-	-
(6,622,169)	(6,140,587)

No commitments or contingent liabilities exist in the Parent Entity at 30 June 2010.

26. Investment in controlled entities

Details of the company's subsidiaries at 30 June 2010 are as follows:

Subsidiary Entity	Country of Incorporation	% Equity Interest	
		2010	2009
SMS Operations Pty Ltd ⁽ⁱ⁾	Australia	100%	100%
SMS Asset Holdings Pty Ltd ⁽ⁱⁱ⁾	Australia	100%	100%
SMS Engineering Pty Ltd ⁽ⁱⁱ⁾	Australia	100%	100%
SMS Canada Inc.	Canada	100%	100%
Swick Mining Services (USA) Inc	USA	100%	100%

(i) Swick Mining Services Limited is the head entity within the tax consolidated group

(ii) These are members of the tax consolidated group

27. Commitments and Contingencies

Expenditure Commitments

a) Financial Liability expenditure

Finance Liabilities

	2010	2009
Less than 1 year	19,373,046	20,034,407
1 to 2 years	16,579,313	19,320,869
2 to 3 years	8,716,821	16,466,094
3 to 4 years	846,888	8,534,334
4 to 5 years	-	756,001
Minimum lease payments	45,516,067	65,111,706
Less: future finance charges	(4,429,290)	(8,300,902)
Total Financial Liability	41,086,777	56,810,804

Comprising:

Current liability	16,302,601	16,071,741
Non-current liability	24,784,176	40,739,063
	41,086,777	56,810,804

27. Investment in controlled entities (continued)

b) Lease expenditure

Operating Leases relate to leases of office premises with terms of between 1 to 10 years. All operating lease contracts contain clauses for yearly rental review in line with the CPI index. The Group does not have an option to purchase the leased premises at the expiry of the lease periods

	2010	2009
Payments recognised as an expense	290,616	201,369
Lease commitment		
No later than 1 year	261,113	201,369
Later than 1 year and not later than 5 years	984,451	978,494
Later than 5 years	1,230,564	1,476,677

c) Capital commitments

At 30 June 2010, the Swick Group had contractual obligations to purchase 4 drill kits for \$651,260 at balance date (2009: 1,178,000). This commitment is expected to be settled within 6 months from balance date. The 2009 Group commitments (\$700,000 for reverse circulation drill rig and \$216,000 for NC lathe) were settled during 2010.

There are no contingent liabilities or contingent assets as at 30 June 2010.

28. Remuneration of Auditors

Amounts received or payable to PKF Australia and Deloitte Touche Tohmatsu for:

	Consolidated	
	2010	2009
PKF audit and review of the financial report	72,133	59,616
Deloitte Touche Tohmatsu audit and review of the financial report	49,314	-
Other services - PKF	63,703	35,311
	185,150	94,927

DIRECTORS' DECLARATION

The directors of Swick Mining Services Limited (the Company) declare that:

- (a) in the directors' opinion the financial statements and notes on pages 29 to 63, and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on pages 17 to 21, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 3;
- (c) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the Corporations Act 2001 and the Corporations Regulations 2001; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2010, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors



KENT SWICK
MANAGING DIRECTOR

For and on behalf of the Board of Directors of Swick Mining Services Ltd.
Perth, Western Australia, 28 September 2010



Independent Auditor's Report to the Members of Swick Mining Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Swick Mining Services Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 30 to 64.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
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*Auditor's Opinion*

In our opinion:

- (a) the financial report of Swick Mining Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 21 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Swick Mining Services Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Chris Nicoloff".

Chris Nicoloff
Partner
Chartered Accountants
Perth, 28 September 2010

The following additional information, current as at 8 September 2010, is required by the ASX Listing Rules and is not disclosed elsewhere in this Annual Report unless otherwise specified.

1. ASX Corporate Governance Council Best Practice Recommendations

The Company strives to adhere to, where practical and relevant, the “Principles of Good Corporate Governance and Best Practice Recommendations” released by the ASX Corporate Governance Council. See *Corporate Governance Statement* for details of the Company's departure from the recommendations.

2. Substantial Holders

Substantial Holders	Shares Held
Kent Swick	31,901,302
National Nominees Ltd	21,152,458
Rosanne Thelma Swick	20,677,819
Citicorp Nominees Pty Limited	18,142,886
RBC Dexia Investor Services Australia Nominees Pty Limited <Pipooled A/C>	17,334,906
J P Morgan Nominees Australia Limited	15,212,683
HSBC Custody Nominees (Australia) Limited	15,174,592
Tanya Michelle Swick	14,500,651

3. Distribution Schedule of Equity Security Holders

	Fully Paid Ordinary Shares	Employee Options
1 - 1,000	486	-
1,001 - 5,000	1,196	-
5,001 - 10,000	631	-
10,001 - 100,000	1,176	1
100,001 and over	114	1
Total Number of Holders	3,603	2
Total Number of Securities	236,724,970	275,000

4. Voting Rights

The voting rights attaching to the Company's **fully paid ordinary shares**, as set out in Rule 12.11 of the Company's Constitution, are as follows:

“Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited)”.

There are no voting rights attached to the Company's employee options.

5. Holders of an Unmarketable Parcel

There are 641 shareholders holding less than a marketable parcel of fully paid ordinary shares (using a price of \$0.36 per fully paid ordinary share).

6. Register of Securities

The Register of Securities is kept at the office of the Company's share registry, Security Transfer Registrars Pty Ltd, being 770 Canning Highway, Applecross, Western Australia (telephone (08) 9315 2333).

7. Stock Exchange Listing

The Company's securities are quoted only on the Australian Securities Exchange.

8. Restricted Securities

There are currently no securities in the Company subject to restriction or escrow.

9. On Market Buy-Back

There is currently no on-market buy-back being undertaken by the Company.

10. Item 7 of Section 611 of the Corporations Act 2001

No issues of securities approved under Item 7 of section 611 of the Corporations Act 2001 are yet to be completed.

11. Top 20 Shareholders

No.	Shareholder	No. Held	%
1.	National Nominees Limited	21,152,458	8.94%
2.	Rosanne Thelma Swick	20,677,819	8.73%
3.	Citicorp Nominees Pty Limited	18,142,886	7.66%
4.	RBC Dexia Investor Services Australia Nominees Pty Limited <Pipooled A/C>	17,334,906	7.32%
5.	J P Morgan Nominees Australia Limited	15,212,683	6.43%
6.	HSBC Custody Nominees (Australia) Limited	15,174,592	6.41%
7.	Kent Jason Swick	14,500,651	6.13%
8.	Tanya Michelle Swick	14,500,651	6.13%
9.	Zero Nominees Pty Ltd	10,860,000	4.59%
10.	UBS Nominees Pty Ltd	6,869,865	2.90%
11.	ANZ Nominees Limited <Cash Income A/C>	4,625,700	1.95%
12.	Cogent Nominees Pty Ltd	2,970,635	1.25%
13.	RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	2,021,277	0.85%
14.	Michael Fry	1,835,000	0.78%
15.	K & T Swick Pty Ltd <K & T Swick Family A/C>	1,540,000	0.65%
16.	G & F Yukich Superannuation Pty Ltd <G & F Yukich Super Fund A/C>	1,456,549	0.62%
17.	Kent Jason Swick	1,250,000	0.53%
18.	Bond Street Custodians Ltd	982,506	0.42%
19.	Pan Aust Nom Pty Ltd	781,291	0.33%
20.	Vendex Pty Ltd <The Vendex Family A/C>	629,255	0.27%
Total		172,518,724	72.89%



DESIGNED BY JIMMY GOO CREATIVE





UNDERGROUND DIAMOND



SURFACE DIAMOND



SURFACE RC



UNDERGROUND PRODUCTION



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